

# **Individualism & Collectivism**

## **An Economic History of the United States**

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Social Studies Dept.  
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Wellesley High School  
Social Studies Department

## Thematic Unit III Outline: Individualism and Collectivism

### Unit Abstract:

This unit examines the shift in the U.S. from a structure of loosely connected individuals to a society with greater interdependence. These connections provided mutual benefits to individuals, groups or the nation but at the expense of rights and power. This shift stemmed in large part from the growth of a laissez faire government to a government that created a highly interconnected economic system by establishing involuntary relationships between government, business, labor and people, thus giving this unit an economic focus. Oftentimes, these changes resulted from crises in the nation and permanently centralized the role of the government in people's lives.

### Essential Question:

- Have collective actions better ensured American ideologies (American dream, liberty, freedom, individualism, equality) over time?
- Has increased economic interdependence provided Americans with greater opportunity or freedom?
- Are collective actions designed to help people achieved at too great a cost? (e.g what is lost? Is that loss worth something greater?)

### Unit Questions:

1. At which moments did the government most significantly expand its role from the principles outlined in the Constitution?
2. How did the U.S. move from individualism to collectivism over time through reform and legislation? What role did government play in bringing about this shift?
3. How has the government addressed class inequality through legislation?
4. How have the definitions of individualism and collectivism evolved?
5. How have individualism and collectivism co-existed both throughout history and in contemporary American society?

### Vocabulary:

1. **Individualism:** a theory advocating the liberty, rights, or independent action of the individual. The pursuit of individual rather than common or collective interests; egoism. Ties between people are loose and voluntary.
2. **Collectivism:** the principle of centralized social and economic control in constructing society that creates ties between people that are involuntary.

## Chapter 14

### Historians and the American Revolution

Interpretations of the past are often influenced by the way people view their own times. Americans have seen their own Revolution and interpreted its causes differently in each generation. Immediately following the Revolution, Americans needed to find symbols that united them. Thus, the interpretations of the Revolution, popularized in thousands of July 4th speeches, were written into the history books. The revolutionaries were viewed as heroes who risked their lives and fortunes in a noble cause; the English were demonized as evil men who tried to crush colonial liberties.

The need for symbols of national unity continued. Even as the tensions between North and South divided the nation, each side claimed to follow the examples of their Revolutionary ancestors. After the Civil War, the need for unity again expressed itself in the glorification of the men who led the fight for independence. But, in the early part of the 20th century scholars began to view their historical past with a far more critical eye. Concerned by the social and economic problems of their own age they found evidence of economic and social factors influencing the debate between England and the colonies. "The struggle," Andrews Hacker wrote, "was not over high sounding political and constitutional concepts. It was over...the survival or collapse of English mercantile capitalism." Other historians emphasized the class struggle theme. They found evidence of class conflict in the colonies and saw that British policies favored a colonial elite. The Revolution, according to this view "became as much a war against the colonial aristocracy as a war for independence."

Economic and social interpretations of the Revolution were widely accepted during the Great Depression of the 1930s. During the late 40s and 50s, however, after America met the challenges of German Nazism and Russian Communism, historians began to take another look at colonial society and discovered evidence previously overlooked. Robert Brown concluded there was "no evidence of class conflict that was serious enough to justify revolution" and detailed studies of Virginia and Massachusetts concluded that most colonial Americans were middle class and ruled by democratic governments. The Revolution, this school of "consensus" historians argued, was essentially conservative rather than radical. It was fought to maintain liberties and privileges long enjoyed by the colonists and threatened by British policies.

In more recent years yet another major interpretation of the Revolution has been developed based on an interest in the power of ideas. Bernard Bailyn's pioneering research in the pamphlets and other writings of the Revolutionary era revealed that the colonists were almost obsessed by a fear of government power and ready to read in any of England's actions "nothing less than a deliberate assault...against liberty both in England and America." The colonial leaders were able to read evil intent into every act by Parliament or the King and thus found real or imagined reasons for initiating the war against England.

The following excerpts represent brief sampling of the major interpretations of the Revolution discussed in this chapter. Neither they nor the material provided in this unit could lead to any firm conclusions on the causes of the Revolution. They can, however stimulate serious and careful thinking about the cause of the Revolution and the nature of history.



## The Heroic School—George Bancroft

*The men of Boston, whose fathers came to the wilderness for freedom to say their prayers would not fear to take up arms against a preamble (set of laws) which implied their servitude....These men were more than of a noble blood, proving by their spirit that they were of a race Divine. They gave their life in testimony to the rights of mankind bequeathing to their country an assurance of the success in the mighty struggle which they began. They fulfilled their duty not from accidental impulse of the moment; their action was the slowly ripened fruit of Providence and of time. The light that led them on was combined of rays from the whole history of the race from the example of Him (Jesus) who laid down his life on the cross for the life of Humanity; from the religious creed which proclaimed the Divine presence in man.*<sup>24</sup>

## An Economic Interpretation—Andrew Hacker

*The events of 1763-75 can have no meaning unless we understand that the character of English imperial policy never really changed: that Pitt and his successors at White Hall were following exactly the same line that Cromwell had laid down more than a century before. The purpose of their general program was to protect the English capitalist interests which now were being jeopardized as a result of the intensification of colonial capitalist competition, and English statesmen yielded quickly when no fundamental principle was at stake, but became insistent only when one was being threatened. If in the raising of a colonial revenue lay the heart of the difficulty, how are we to account for the quick repeal of the Stamp Tax and the Townsend Acts and the lowering of the molasses duty? And, on the other hand, how are we to account for the tightening of enforcement on the Acts of Trade and Navigation at a dozen and one different points, the passage of the Currency Act, the placing of iron on the "enumerated" list, English seizure of control of the trade, and the attempt to give the East India Company a monopoly over the Colonial tea business?*

*The struggle was not over high-sounding political and constitutional concepts: over the power of taxation or even, in the final analysis, over natural rights. It was over colonial manufacturing, wild lands and furs, sugar, wine, tea, and currency, all of which meant, simply, the survival or collapse of English mercantile capitalism within the imperial-colonial framework of the mercantilist system.*<sup>25</sup>

## The Class Struggle—Merill Jensen

*The American Revolution was far more than a war between colonies and Great Britain; it was also a struggle between those who enjoyed political privileges and those who did not...Colonial radicalism did not become effective until after the French and Indian War. Then, fostered by economic depression and aided by the bungling policy of Great Britain and the desire of the local governing classes for independence within the empire, it became united in an effort to throw off its local and international bonds. The discontented were given an opportunity to express their discontent when the British government began to enforce restrictions upon the colonies after 1763. The colonial merchants used popular demonstrations to give points to their more orderly protests against such measures as the Stamp Act, and it was only a stop from such riots, incited and controlled by the merchants, to the organization of radical parties bent on the redress of local grievances which were of far more concern to the masses than the more remote and less obvious effects of British policy of more than ordinary ability, men who were able to create issues when none were furnished by Great Britain, and who seized on British acts as heaven-sent opportunities to attack the local aristocracy – too strongly entrenched to be*

<sup>24</sup>George Bancroft, *History of the United States of America from the Discovery of the Continent*, New York, 1890, Volume III, pp. 382-83.

<sup>25</sup>Andrew Hacker, *The Triumph of American Capitalism*, quoted in Wahlke, ed. *The Causes of the American Revolution*, D.C. Heath, Lexington, MA, 1973, pp. 10-11.

overthrown on purely local issues – under the guise of a patriotic defense of American liberties. Thus, used as tools at first, the masses were soon united under capable leadership in what became as much a war against the colonial aristocracy as a war for independence.

The American Revolution thus marks the ascendancy of the radicals of the colonies, for the first time effectively united. True, this radical ascendancy was of brief duration, but while it lasted an attempt was made to write democratic ideals and theories of government into the laws and constitutions of the American states.<sup>26</sup>

## A Democratic Movement—Robert Brown

[After] the Tea Act and the Coercive Acts, there was no doubt whatever that the British intended to curtail colonial democracy as a necessary step toward recovery of British authority and the prevention of colonial independence. The result was the very thing the British had tried to prevent – American independence.

Obviously democracy played an important part in the events before 1776, not as a condition to be achieved but as a reality which interfered with British policies. If the British had been successful, there would undoubtedly have been much less democracy in Massachusetts – hence the interpretations that the Revolution was designed to preserve a social order rather than to change it. We search in vain for evidence of class conflict that was serious enough to justify revolution; we do not have to look far for copious quantities of proof that colonial society was democratic and that the colonists were attempting to prevent British innovations.<sup>27</sup>

## Ideology and Mutual Suspicions—Bernard Bailyn

The colonists believed they saw emerging from the welter of events during the decade after the Stamp Act a pattern – whose meaning was unmistakable. They saw in the measures taken by the British government and in the actions of officials in the colonies something for which their peculiar inheritance of thought had prepared them only too well, something they had long conceived to be a possibility in view of the known tendencies of history and of the present state of affairs in England. They saw about them, with increasing clarity, not merely mistaken, or even evil, policies violating the principles upon which freedom rested, but what appeared to be evidence of nothing less than a deliberate assault launched surreptitiously by plotters against liberty both in England and in America. The danger to America, it was believed, was in fact only the small, immediately visible part of the greater whole whose ultimate manifestation would be the destruction of the English constitution, with all the rights embedded in it.

The opponents of the Revolution – the administration itself – were as convinced as were the leaders of the Revolutionary movement that they were themselves the victims of conspiratorial designs. Officials in the colonies, and their superiors in England, were persuaded as the crisis deepened that they were confronted by an active conspiracy of intriguing men whose professions masked their true intentions. Thomas Hutchinson had little doubt that at the root of all the trouble in the colonies was the maneuvering of a secret, power-hungry cabal that professed loyalty to England while assiduously working to destroy the bonds of authority and force a rupture between England and her colonies. The beliefs and fears expressed on one side of the Revolutionary controversy were as sincere as those expressed on the other. The result was an escalation of distrust toward a disastrous deadlock. "The

<sup>26</sup>Merrill Jensen, *The Articles of Confederation*, quoted in Edwin Rozwenc and Donald Schultz, *Conflict and Consensus in the American Revolution*, Boston, D.C. Heath Co., 1964, pp. 47, 49-50.

<sup>27</sup>Robert Brown, *Middle-Class Democracy and the Revolution in Massachusetts, 1691-1780*, New York, Harper & Row, 1969, pp. 404-405.

Americans," Burke said, "have made a discovery, or think they have made one, that we mean to oppress them: we have made a discovery, or think we have made one, that they intend to rise in rebellion against us. We know not how to advance; they know not how to retreat. Some party must give way."<sup>28</sup>

## Suggested Student Exercises:

1. Define or identify and briefly show the importance to the chapter of each of the following:

- |                                    |   |                                  |
|------------------------------------|---|----------------------------------|
| a. reasons interpretations change  | d. "men of more than noble blood"       | f. "redress of local grievances" |
| b. immediate and underlying causes | e. "manufacturing, wild lands and furs" | g. missing class conflict        |
| c. 4 different interpretations     |   | h. "escalation of distrust"      |

## Determining the Causes of an Event

All events have causes rooted in the social, economic, political, or ideological context of their times. A good explanation of the Revolution will not only consider these factors, but will explain the numerous events leading up to the actual outbreak of the fighting. It should explain all of the major events and account for the actions of the participants.

2. Find the thesis or main point of each interpretation of the American Revolution:

- |                            |                                   |
|----------------------------|-----------------------------------|
| a. Heroic school           | d. Democratic Movement            |
| b. Economic Interpretation | e. Ideology and Mutual Suspicions |
| c. Class Struggle          | f. Your own                       |

3. Outline an argument using a single interpretation of the American Revolution and show how it can account for three of the following:

- the controversy over taxation and trade regulations
- colonial violence and British response
- the colonists' statements of their objections to England's policies
- the fallacies of at least one of the other interpretations

4. Develop and expand your outline into an essay of not less than 1,200 words. Be sure you include a thesis, foreshadow your main arguments, use logic and facts to support the arguments, and end with a conclusion that summarizes your paper.

<sup>28</sup>Bernard Bailyn, *The Ideological Origins of the American Revolution*, Belknap Press, Cambridge, 1967, pp. 58-59, 85-93.

## Chapter 4

### Hamilton, Jefferson, and the First National Bank of the United States

**I**magine going to a bank to borrow money. You want to go into business making stagecoaches. Ten are already on order, but you need \$1000 to buy necessary tools and materials and to pay workers. You need money to start your business.

You meet with the president of the bank. He is impressed with your plans, and he would be willing to loan you the money. Unfortunately, he has already lent all of the gold in the bank's vault. You cannot start your business, and you, your customers, and your workers suffer as a result.

**First Bank of the United States, built between 1795-97, and still standing in the 21<sup>st</sup> century.**

This story would likely not have happened in 1789 in England. A national bank in England could in effect print money to lend to borrowers. Though much of this money did not represent either gold or silver coins in the bank, all of the paper money could be exchanged for gold. It could also be created to meet the needs of borrowers with good credit, collateral, or excellent business prospects.

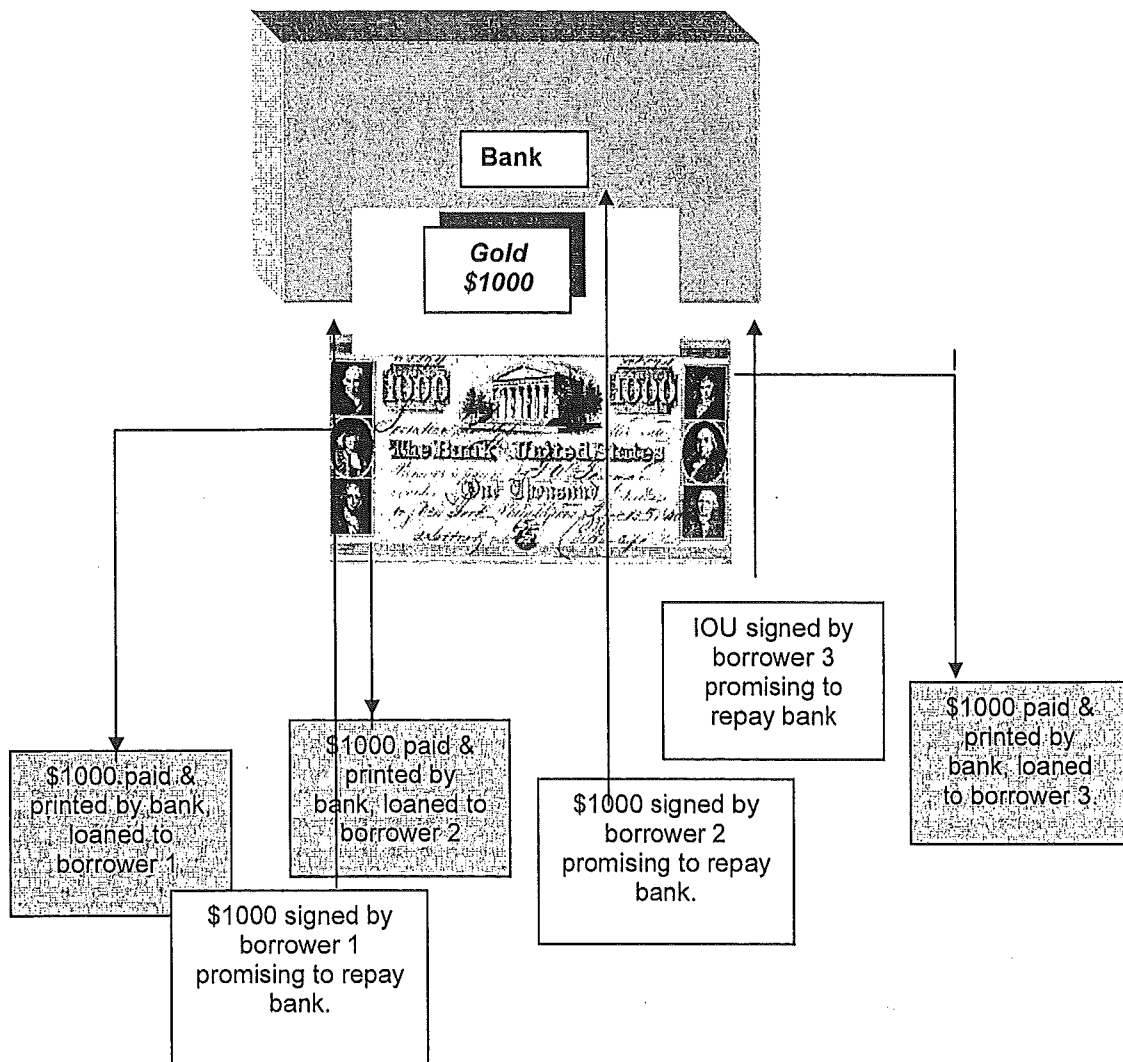
Alexander Hamilton knew how the Bank of England created money and wanted the U.S. government to start its own bank with branches in various states. Such a bank could create a uniform currency circulating through all the states and provide a place for the national government to deposit its money or borrow money when needed. Thomas Jefferson opposed this plan. He thought states should charter banks that could issue money. Jefferson also believed that the Constitution did not give the national government the power to establish a bank. Hamilton disagreed on this point too. The argument between Hamilton and Jefferson over the bank led to a sharp debate between these two members of Washington's cabinet. The bank became an important political issue in 1791, and for years to come.

This chapter explains how banks actually could print money to lend people. In addition, the chapter examines the related questions of whether a national bank was needed and whether the U.S. Constitution granted Congress the power to establish one.

#### How Banks Created Money

The diagram below provides a highly simplified view of how the Bank of England created money. As the reader can see, the original \$1,000 of gold on deposit in the bank generated loans totaling \$3,000. The money was only partially backed with gold. It was also backed by the written promises of borrowers to pay their loans back with interest.

A danger of this system was that depositors of the money originally lent to the borrowers would want to exchange the bank's paper money for gold or silver coins. The bank might not have enough gold in its vaults to back up all of the money lent. To reduce this risk, banks were cautious to only loan about \$3 for every dollar of gold in their vaults.



## Hamilton Proposes the National Bank

Alexander Hamilton was well aware of the ideas on banking explained in these pages. In fact, he was a great admirer of the Bank of England. He paid this bank the greatest possible compliment by proposing to establish a national bank in the United States based on the principles used by its British counterpart. To be more specific, Hamilton drew up a plan to establish a bank that would:

- Have branches in every major city throughout the land.
- Issue money that would be equally acceptable in all parts of the nation.
- Help in the creation of new money through borrowing.
- Loan money to the government when needed.
- Serve as a place for the government to deposit its money.

On December 16, 1790, Alexander Hamilton presented his *Report on a National Bank* to Congress. In this report, Hamilton made the following specific proposals about his bank:

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- The bank's stock would be worth \$10,000,000.
- 20,000 shares would be sold privately at \$400 per share
- Stockholders would pay \$100 in gold and silver coin for each share and \$300 in government bonds.
- 5,000 shares or \$2,000,000 of bank stock would be bought by the U.S. government.
- The bank would be run by a 25-man board of directors—20 chosen by the shareholders and 5 by the government.
- The bank's president would be elected by the board of directors.
- Notes and bills (money) issued by the bank would be redeemable on demand in gold and silver coin and would be accepted by the U.S. government for all payments due.
- The bank's charter would run for 20 years and would be subject to renewal by Congress.
- The bank would be allowed to establish branch offices in other cities; its main branch would be in Philadelphia, the nation's capital.

## Jefferson's Objections to the Bank

Thomas Jefferson objected strongly to Hamilton's proposal for a national bank. Among the reasons he and his followers gave for their opposition, the following were the most important:

- With its special powers and privileges, the U.S. bank would hinder the development of state banks.
- The bank would be of far more help to wealthy businessmen in cities than to farmers in the country.
- The bank would be run by wealthy stockholders and would help this privileged class become more rich and powerful.
- The Constitution did not give the national government the power to establish a bank.

## The Debate Over the Bank

The argument between Hamilton and Jefferson over the bank finally boiled down to one question: was it constitutional? Jefferson and his supporters lost that argument in Congress, which passed the Bank Bill in February 1791. Their last hope to stop the bank was to convince President Washington not to sign the bill into law. Jefferson sat down to write his argument proving the Constitution did not give Congress the right to establish the bank. He finished on February 15th and hurriedly placed his report on Washington's desk. Hamilton saw Jefferson's composition and swiftly penned a reply, which he finished eight days later.

Both Jefferson's and Hamilton's arguments were based on the Constitution's Preamble, the "elastic clause" (Article I, Section 8, clause 18), and Amendment X. The elastic clause gave Congress the right to make laws "necessary and proper" to carry out other powers given Congress. Did these words mean that Congress could start such a large institution as a government bank? Jefferson answered no—because Amendment X to the Constitution stated that any powers not specifically given the national government or specifically denied the states were given to the states or the people. But the Preamble to the Constitution stated the purposes for creating a new government, including forming a more perfect union and promoting the general welfare. Wouldn't chartering a bank fall under these purposes?

## Hamilton Favoring a Bank

...(A) restrictive interpretation of the word "necessary" is also contrary to this sound maxim of construction: namely, that the powers contained in a constitution ought to be construed liberally in advancement of the public good.

The means by which national exigencies (needs) are to be provided for, national prosperity promoted, are of such infinite variety, extent, and complexity, that there must of necessity be a great latitude of choice in the selection and application of these means. Hence, the necessity of exercising the authorities entrusted to a government on principle of liberal construction.

...If the *end* (purpose of a law) be clearly comprehended within any of the specific powers, and if the measure have an obvious relation to the end, and is not forbidden by any particular provision of the Constitution, it may be safely deemed to come within the compass of the national authority.

## Jefferson in Opposition

I consider the foundation of the Constitution that "*all powers not delegated to the United States, nor prohibited by it to the States, are reserved to the States, or to the people*" (10<sup>th</sup> Amendment). To take a single step beyond the boundaries that are specifically drawn around the powers of Congress, is to take possession of a boundless field of power, no longer susceptible of any definition.

It has been much urged that a bank will give great convenience in the collection of taxes...yet the Constitution allows only the means which are "necessary," not those which are merely "convenient"...there is not one (power) which ingenuity may torture *into convenience, in some instance or other, to someone of so long* a list of enumerated powers. It would swallow up all the delegated powers, and reduce the whole to one power...Therefore it was that the Constitution restrained them to the *necessary* means; that is to say, to those means without which the grant of the power would be nugatory (useless).<sup>17</sup>

President Washington read both arguments carefully, and agreed with...?

## Suggested Student Exercises:

~~1. Explain in detail how banks can increase the supply of money.~~

2. What were the particular provisions of Hamilton's bank bill that were absolutely necessary to the success of the bank, and which provisions seemed to put more power than necessary in the hands of a small, unelected elite?

3. Were Hamilton's arguments for the Bank better than Jefferson's arguments against it? Your answer should be based on:

- the need for a bank — was it necessary under the elastic clause definition of that word, or simply convenient?
- the precedent that would be set if a bank were created — would it provide needed powers to the national government or needlessly weaken the states?

<sup>17</sup> Richard Hofstadter, *Great Issues in American History* (Vintage Books, New York, 1958), pp. 160-69.

When the Industrial Revolution began, Great Britain jealously guarded the secrets of designing and building industrial machines. However, the British found it impossible to protect their industrial secrets forever. American manufacturers, with the help of British immigrants, began to develop industry in the United States. Most of the early factories were located in New England. The following

was written by Thomas P. Kettel in the mid-1800's. He explained some of the reasons why manufacturing developed in New England.

## READING FOCUS

1. What natural resources encouraged the growth of industry in New England?
2. What affect did increases in population and acquisition of new territory have on industry?
3. How was industry affected by improvements in transportation?

The Northern or New England States are endowed by nature with a mountainous and barren soil, which poorly rewards the labor of the farmer. However, its wooded slopes, and tumbling streams, which fall into spacious harbors, showed the first settlers the direction in which their industry was to be employed. Ship-building and navigation at once became the leading industry, bringing with it wealth.

The harsh rule of the mother country forbade a manufacturing development, and that branch of industry never got a footing in the colonies. Independence from Britain opened up manufacturing, and also provided a large market for the sale of manufactures to the agricultural laborers of the more fertile fields of the Middle and Southern States.

The genius of Northern industry was quick in applying the profits earned in commerce to

the development of manufacturing. With every increase in population, and every extension of national territory, the New England States gained a larger market for their wares, while the foreign competing supply has been restricted by high duties on imports.

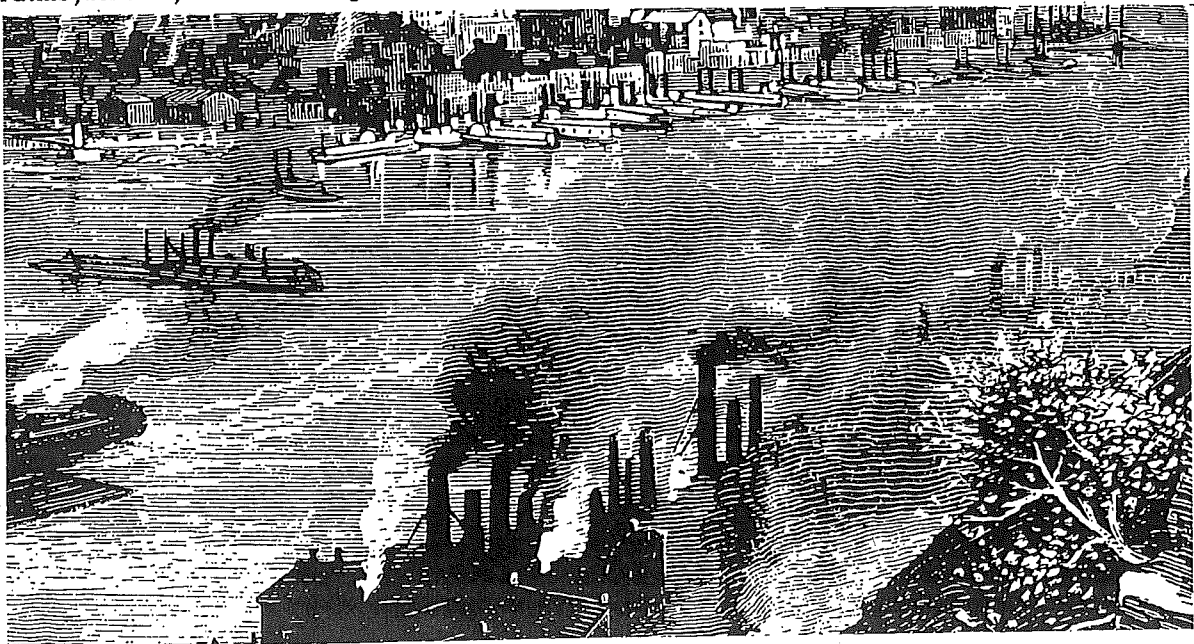
The mountain rivers of New England have become motors, by which annually improving machinery has been driven. These machines require only the attendance of females, but a few years since a non-producing class, to turn out immense quantities of textile fabrics. In the hands of the male population, other branches of industry have multiplied, in a manner which shows the stimulant of an ever-increasing demand.

At about the time that New England became free to manufacture, the discoveries in navigation brought about that change in commerce by which Charleston, S.C., was no longer regarded as the nearest port to Europe, and New York assumed its proper position, as the leading seaport. The commerce of the Middle States rapidly increased, and with that increase a larger demand for the manufactures of New England was created.

When population spread west of the Allegheny Mountains, and the annexation of Louisiana opened the Mississippi River to a market for western produce, a new demand for New England manufactures was felt. This was further enhanced by the opening of the Erie Canal. In later years, the vast foreign immigration, pouring over new lands opened up by railroads, has given a further stimulus to the demand for New England manufactured goods.

*Adapted from Thomas P. Kettell, Southern Wealth and Northern Profits, 1860.*

*Textile factories flourished throughout New England.*





mines, stockyards, and steel mills they moved into offices, classrooms, and political headquarters. Then some began to go to law school, medical school, and dental school. Their heroes were political leaders, entertainers, singers, comedians, and athletes.

These changes took generations. The rate of social improvement increased as the economy grew and slowed down as the economy went down. The Irish were probably on the verge of making it when the Great Depression came. It took the prosperity of World War II and the postwar economic boom, plus the G.I. Bill, to enable the Irish to make it into the upper middle class. In other words, the worst of the immigrant experience was over about a hundred years after the famine. When John Kennedy was elected President, 110 years after the famine, the immigrant period of American history came to an end.

### READING REVIEW

1. What similarities did the nativists find between the Irish and the blacks?
2. What difference did they find between the two groups?

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## CHAPTER 14 Creating a Southern Economy (1820's-1860's)

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### 97 Northern and Southern Society Compared

Alexis de Tocqueville came to the United States from France in 1831. He traveled throughout the country studying the American people and their institutions, their economy, and their ways of living. In 1832 de Tocqueville arrived in New Orleans. On this trip he was interested in finding out about some of the differences between the North and South. He was especially interested in observing slavery and gave his views about its effects upon Americans and their nation. He also wrote about the rapid expansion of the United States.



Alexis de Tocqueville

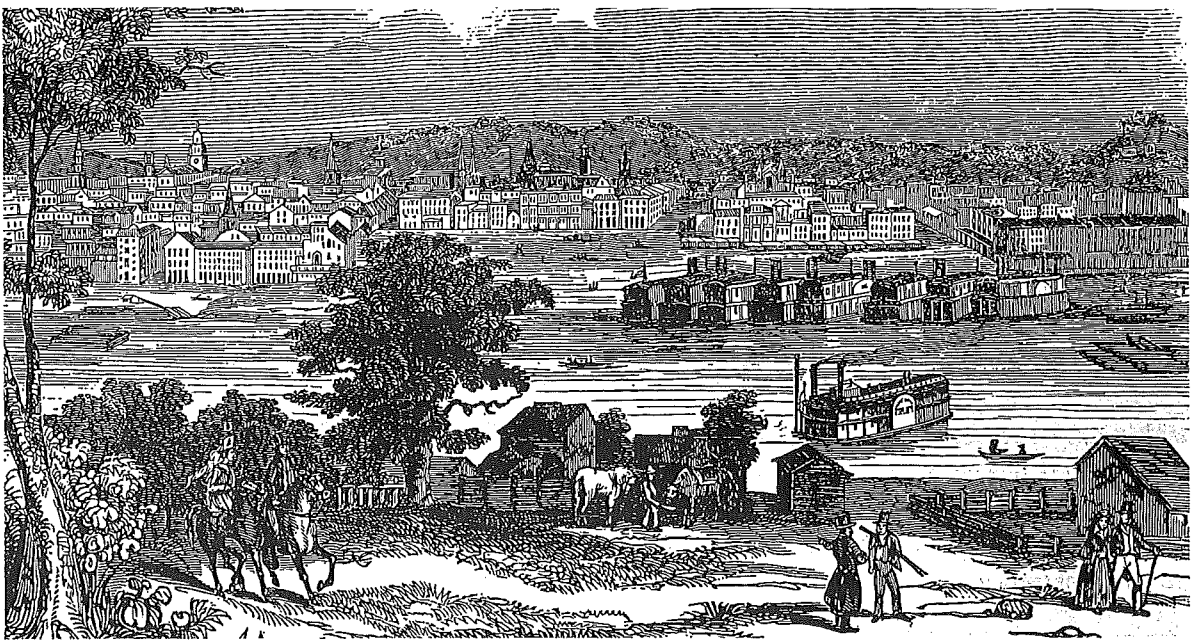
### READING FOCUS

1. What was de Tocqueville's viewpoint about how slavery affected the areas where it existed?
2. How did it affect the people who lived in slave areas?

Scarcely a hundred years after the settling of the colonies, the planters were struck by the extraordinary fact that the states that had few slaves increased in population, in wealth, and in prosperity more rapidly than those states that had many slaves. This result seemed difficult to explain, especially since all the settlers, who were Europeans, had the same habits, the same civilization, and the same laws.

The difference was vividly shown when settlements reached the banks of the Ohio River. Rolling lands with rich soil extend along both shores of the Ohio. On either bank of the river the air is equally wholesome and the climate equally mild. Each bank forms the frontier of a large state. The state upon the left bank is called Kentucky. The one upon the right bank

*Adapted from Democracy in America, Vol. I, by Alexis de Tocqueville, translated by Henry Reeve, revised by Francis Bowen, and edited by Phillips Bradley.*



*Differing ways of life along the Ohio River: Kentucky (foreground) and Cincinnati, Ohio, across the river*

is called Ohio. These two states differ only in one way. Kentucky has admitted slavery, while Ohio has prohibited it. Thus the traveler who floats down the Ohio River may be said to sail between liberty and servitude. A brief inspection will convince anyone which of the two states is more favorable to humanity.

Upon the left bank (Kentucky) the population is small. From time to time one sees a group of slaves in the poorly farmed fields. Forest lands are everywhere. Society seems to be asleep; the people seem to be idle. Nature alone offers a scene of activity and life.

From the right bank (Ohio), on the contrary, a busy hum is heard, proclaiming the presence of activity. The fields are full of abundant harvests. The elegance of the houses indicates the taste and activity of the workers. People seem to be enjoying that wealth and satisfaction which is the reward of work.

The influence of slavery extends still further. It affects people's character. Upon both banks of the Ohio the character of the people is enterprising and energetic. But this vigor is used very differently in the two states. The white inhabitants of Ohio, forced to live by their own efforts, regard prosperity as the chief aim of their existence. Since the land they occupy presents inexhaustible resources for their activity, their greed is extraordinary. They desire wealth, and boldly seize every opportunity that fortune opens to them.

The Kentuckians scorn not only labor but all the undertakings that labor promotes. As

they live in idleness, their tastes are those of idle people. Money has lost some of its value in their eyes. They want wealth much less than pleasure and excitement. The energy which their neighbors devote to becoming wealthy is used by them for field sports and military exercises. Thus slavery prevents the whites not only from becoming wealthy, but even from desiring to become so.

In Europe it is generally believed that slavery has made the interests of one part of the Union opposite to those of the other. I have not found this to be the case. Slavery has not created interests in the South opposite to those of the North. But it has changed the character and the habits of the people of the South.

The citizens of the southern states become domestic dictators from infancy. The first idea they acquire in life is that they are born to command. The first habit they learn is that of ruling. Their education tends, then, to give them the character of a proud and hasty people—angry, violent, impatient toward obstacles but easily discouraged if they cannot succeed at the first attempt.

Americans of the North see no slaves around them in their childhood. They are not even taken care of by free servants, for they are usually obliged to provide for their own wants. As soon as they enter the world, they see the need to do things for themselves. They soon learn to know exactly the limits of their power. They never expect to use force against those who oppose them. They know that the surest

means of obtaining the support of other people is to win their favor.

If two people are united in society by the same interests and, to a certain extent, the same opinions but with different characters and a different style of living, these people will probably not agree. The same is true of two societies within a nation.

It is difficult to imagine a strong union between a nation that is rich and strong and one that is poor and weak. Union is even more difficult to maintain when one side is losing strength and the other is gaining it. The rapid increase in population and wealth in certain northern states threatens the independence of the southern states. The weak generally mistrust the justice and the reason of the strong. The states that increase less rapidly than the others look upon those others with envy and suspicion. This is the cause of the deep-seated uneasiness and unrest one sees in the southern states. These states are a striking contrast to the confidence and prosperity common to other parts of the Union.

If the changes I have described were gradual ones, the danger would be less. But the progress of American society is rapid. Thus the prosperity of the United States is the source of

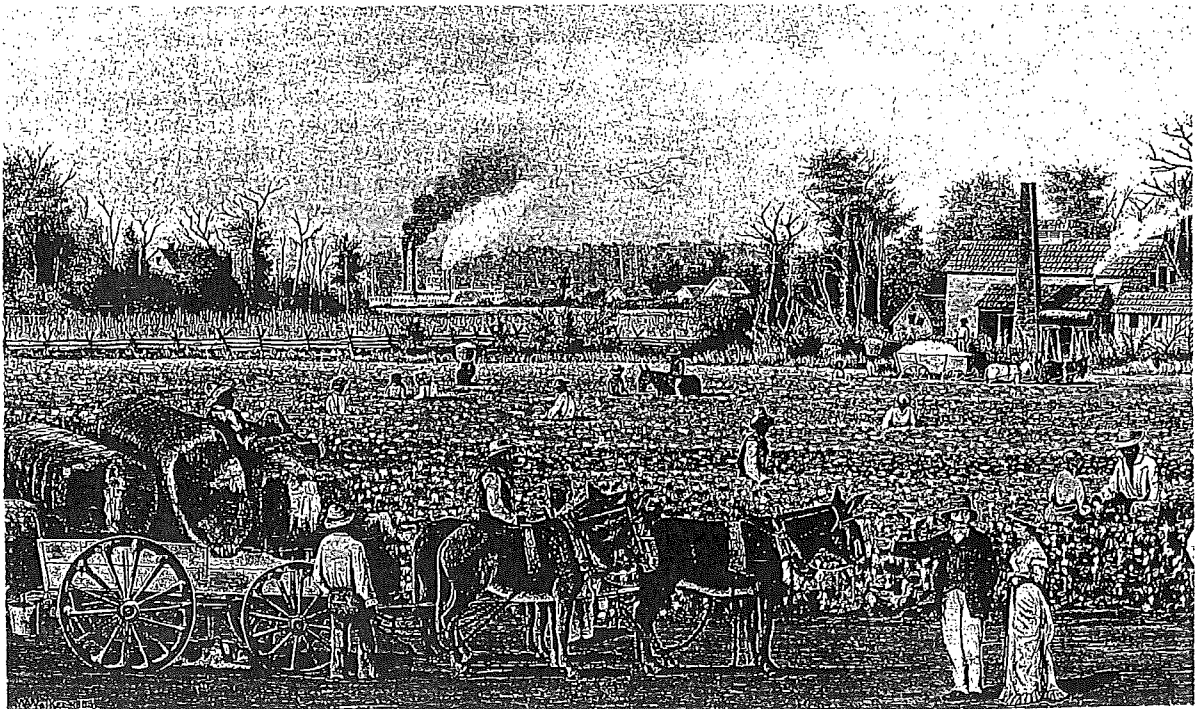
its most serious dangers. It tends to create in some of the states that overpowering excitement which accompanies a rapid increase of fortune. Meanwhile it awakens in other states those feelings of envy, mistrust, and regret which usually accompany the loss of wealth. The Americans look at their extraordinary progress with joy, but they would be wiser to consider it with sorrow and alarm. The people of the United States must inevitably become one of the greatest nations in the world. Their offspring will cover almost the whole of North America. What urges them to take possession of it so soon? Riches, power, and fame cannot fail to be theirs at some future time. But they rush in search of this large fortune as if only a moment remained for them to make it their own.

Answer.

#### READING REVIEW

1. According to de Tocqueville, how did people in Ohio and Kentucky differ?
2. Why did he say that Northerners were better off without slaves?
3. Why did de Tocqueville think that rapidly growing prosperity was dangerous for the United States?

*Harvesting the cotton crop*



and women flocked in enormous numbers to lyceums (see pp. 366–367), churches, schools, and auditoriums to hear lecturers explain the latest advances in science, to describe their visits to exotic places, to provide vivid historical narratives, or to rail against the evils of alcohol or slavery. Messages of social uplift and reform attracted rapt audiences, particularly among women eager for guidance as they adjusted to the often jarring changes in the character of family life in the industrializing world.

## THE AGRICULTURAL NORTH

Even in the rapidly urbanizing and industrializing Northeast, and more so in what nineteenth-century Americans called the Northwest (and what Americans today call the Midwest), most people remained tied to the agricultural world. But agriculture, like industry and commerce, was becoming increasingly a part of the new capitalist economy, linked to the national and international market. Where agriculture could not compete in this new commercial world, it declined. Where it could compete, it simultaneously flourished and changed.

### RISE OF COMMERCIAL AGRICULTURE

Where agriculture could not compete in this new commercial world, it declined. Where it could compete, it simultaneously flourished and changed.

## NORTHEASTERN AGRICULTURE

The story of agriculture in the Northeast after 1840 is one of decline and transformation. The reason for the decline was simple: the farmers of the section could no longer compete with the new and richer soil of the Northwest. Centers of production were gradually shifting westward for many of the farm goods that had in the past been most important to northeastern agriculture: wheat, corn, grapes, cattle, sheep, and hogs.

Some eastern farmers responded to these changes by moving west themselves and establishing new farms. Still others moved to mill towns and became laborers. Some farmers, however, remained on the land and managed to hold their own. As the eastern urban centers increased in population, many farmers turned to the task of supplying food to nearby cities; they raised vegetables (truck farming) or fruit and sold it in local towns. New York, for example, led all other states in apple production.

The rise of cities also stimulated the rise of profitable dairy farming. Approximately half the dairy products of the country were produced in the East; most of the rest came from the West, where Ohio was the leading dairy state. Partly because of the expansion of the dairy industry, the Northeast led other sections in the production of hay. New York was the leading hay state in the nation; Pennsylvania and New England grew large crops as well. The Northeast also exceeded other areas in producing potatoes.

But while agriculture in the region remained an important part of the economy, it was steadily becoming less important

than the industrial growth of the Northeast itself. As a result, the rural population in many parts of the Northeast continued to decline.

## THE OLD NORTHWEST

There was some industry in the states of the Northwest, more than in the South; and in the two decades before the Civil War, the region experienced steady industrial growth. By 1860, it had 36,785 manufacturing establishments employing 209,909 workers. There was a flourishing industrial and commercial area along the shore of Lake Erie, with Cleveland at its center. Another manufacturing region was in the Ohio River valley; the

### INDUSTRIALIZATION IN THE OLD NORTHWEST

meatpacking city of Cincinnati was its nucleus. Farther west, the rising city of Chicago, destined to become the great metropolis of the region, was emerging as the national center of the agricultural machinery and meatpacking industries.

Most of the major industrial activities of the West either served agriculture (as in the case of farm machinery) or relied on agricultural products (as in flour milling, meatpacking, whiskey distilling, and the making of leather goods). As this suggests, industry was, on the whole, much less important in the Northwest than farming.

Some areas of the Northwest were not yet dominated by whites. Indians remained the most numerous inhabitants of much of the upper third of the Great Lakes states until after the Civil War. In those areas, hunting and fishing, along with some sedentary agriculture, remained the principal economic activities of both whites and Native Americans. But the tribes did not become integrated into the new commercialized economy that was emerging elsewhere in the Northwest.

For the white (and occasionally black) settlers who populated the lands farther south, the Northwest was primarily an agricultural region. Its rich and plentiful lands made farming a lucrative and expanding activity there, in contrast to the declining agrarian Northeast. Thus the typical citizen of the Northwest was not an industrial worker or poor, marginal farmer, but the owner of a reasonably prosperous family farm. The average size of western farms was 200 acres, the majority of them owned by the people who worked them.

Rising farm prices around the world provided a strong incentive for these western farmers to engage in commercial agriculture. That usually meant concentrating on a single crop for market (corn, wheat, cattle, sheep, hogs, and others). In the early years of white settlement in the Northwest, farm prices rose because of the debilitation of European agriculture in the aftermath of the Napoleonic Wars and the growing urban population (and hence the growing demand for food) of industrializing areas of Europe. The Northwest, with good water routes on the Mississippi for getting its crops to ocean-going vessels, profited from this international trade.

But industrialization, in both the United States and Europe, provided the greatest boost to agriculture. With the growth of

### AGRICULTURAL SPECIALIZATION

of industrializing areas of Europe. The Northwest, with good water routes on the Mississippi for getting its crops to ocean-going vessels, profited from this international trade.

factories and cities in the Northeast, the domestic market for farm goods increased dramatically. The growing national and worldwide demand for farm products resulted in steadily rising farm prices. For most farmers, the 1840s and early 1850s were years of increasing prosperity.

To meet the increasing demand for its farm products, residents of the Northwest worked strenuously, and often frantically, to increase their productive capacities. Many tried to take advantage of the large areas of still uncultivated land and to enlarge the area of white settlement during the 1840s. By 1850, the growing western population was moving into the prairie regions both east and west of the Mississippi: into areas of Indiana, Michigan, Illinois, Missouri, Iowa, and Minnesota. Residents cleared forest lands or made use of fields the Indians had cleared many years earlier. And they began to develop a timber industry to make use of the forests that remained. Wheat was the staple crop of the region, but other crops—corn, potatoes, and oats—and livestock were also important.

The Northwest increased production not only by expanding the area of settlement, but also by adopting new agricultural technologies that greatly reduced the labor necessary for producing a crop and slowed the exhaustion of the region's rich soil. Farmers began to cultivate new varieties of seed, notably Mediterranean wheat, which was hardier than the native type; and they imported better breeds of animals, such as hogs and sheep from England and Spain, to take the place of native stock. Most important were improved tools and farm machines, which American inventors and manufacturers produced in rapidly increasing numbers. During the 1840s, more efficient grain drills, harrows, mowers, and hay rakes came into wide use. The cast-iron plow, an earlier innovation, remained popular because its parts could be replaced when broken. An even better tool appeared in 1847, when John Deere established at Moline, Illinois, a factory to manufacture steel plows, which were more durable than those made of iron.

Two new machines heralded a coming revolution in grain production. The most important was the automatic reaper, the invention of Cyrus H. McCormick of Virginia. The reaper enabled one worker to harvest as much wheat (or any other small grain) in a day as five could harvest using older methods. McCormick, who had patented his device in 1834, established a factory at Chicago, in the heart of the grain belt, in 1847. By 1860, more than 100,000 reapers were in use on western farms. Almost as important to the grain grower was the thresher—a machine that separated the grain from the wheat stalks. Threshers appeared in large numbers after 1840. Before that, farmers generally flailed grain by hand (seven bushels a day was a good average for a farm) or used farm animals to tread it (twenty bushels a day on the average). A threshing machine, such as those manufactured by the Jerome I. Case factory in

**“ I DON'T BELIEVE IN A LAW TO PREVENT A MAN FROM GETTING RICH; IT WOULD DO MORE HARM THAN GOOD. ”**

ABRAHAM LINCOLN

Racine, Wisconsin, could thresh twenty-five bushels or more in an hour.

The Northwest considered itself the most democratic section of the country. But its democracy was based on a defense of economic freedom and the rights of property—a white, middle-class vision of democracy that was becoming common in many other parts of the country as well. Abraham

Lincoln, an Illinois Whig, voiced the economic opinions of many of the people of his section. “I take it that it is best for all to leave each man free to acquire property as fast as he can,” said Lincoln. “Some will get wealthy. I don't believe in a law to prevent a man from getting rich; it would do more harm than good. . . . When one starts poor, as most do in the race of life, free society is such that he knows he can better his condition; he knows that there is no fixed condition of labor for his whole life.”

## RURAL LIFE

Life for farming people was very different from life in towns and cities. It also varied greatly from one farming region to another. In the more densely populated farm areas east of the Appalachians and in the easternmost areas of the Northwest, farmers were usually part of relatively vibrant communities and made extensive use of the institutions of those communities—the churches, schools, stores, and taverns. As white settlement moved farther west, farmers became more isolated and had to struggle to find any occasions for contact with people outside their own families.

Religion drew farm communities together perhaps more than any other force, particularly since so many farm areas were populated by people of common ethnic (and therefore religious) backgrounds. Town or village churches were popular meeting places, both for services and for social events—most of them dominated by women. Even in areas with no organized churches, farm families—and, again, women in particular—gathered in one another's homes for prayer meetings, Bible readings, and other religious activities. Weddings, baptisms, and funerals also brought communities together in celebration or mourning.

But religion was only one of many reasons for interaction. Farm people joined together frequently to share tasks that a single family would have difficulty performing on its own; festive barn raisings were among the most frequent. Women prepared large suppers while the men worked on the barn and the children played. Large numbers of families also gathered together at harvest time to help bring in crops, husk corn, or thresh wheat. Women came together to share domestic tasks as well, holding “bees” in which groups of women joined together to make quilts, baked goods, preserves, and other products.

But despite the many social gatherings farm families managed to create, they lived in a world with much less contact with

### NEW AGRICULTURAL TECHNOLOGIES

### IMPORTANCE OF RELIGION IN RURAL COMMUNITIES

### MCCORMICK REAPER



## THE COTTON ECONOMY

The most important economic development in the mid-nineteenth-century South was the shift of economic power from the "upper South" (the original southern states along the Atlantic coast) to the "lower South" (the expanding agricultural regions in the new states of the Southwest). That shift reflected above all the growing dominance of cotton in the southern economy.

### THE RISE OF KING COTTON

Much of the upper South continued in the nineteenth century to rely, as it always had, on the cultivation of tobacco. But the market for that crop was notoriously unstable. Tobacco prices were subject to frequent depressions, including a prolonged

#### DECLINE OF THE TOBACCO ECONOMY

one that began in the 1820s and extended into the 1850s. Tobacco also rapidly exhausted the land on which it grew; it was difficult for most growers to remain in business in the same place for very long. By the 1830s, therefore, many farmers in the old tobacco-growing regions of Virginia, Maryland, and North Carolina were shifting to other crops—notably wheat—while the center of tobacco cultivation was moving westward, into the Piedmont area.

The southern regions of the coastal South—South Carolina, Georgia, and parts of Florida—continued to rely on the cultivation of rice, a more stable and lucrative crop. Rice, however, demanded substantial irrigation and needed an exceptionally long growing season (nine months), so cultivation of that staple remained restricted to a relatively small area. Sugar growers along the Gulf Coast, similarly, enjoyed a reasonably profitable market for their crop. But sugar cultivation required intensive

(and debilitating) labor and a long growing time. Only relatively wealthy planters could afford to engage in it, and they faced major competition from the great sugar plantations of the Caribbean. Sugar cultivation, therefore, did not spread much beyond a small area in southern Louisiana and eastern Texas. Long-staple (Sea Island) cotton was another lucrative crop, but like rice and sugar, it could grow only in a limited area—the coastal regions of the Southeast.

The decline of the tobacco economy in the upper South, and the limits of the sugar, rice, and long-staple cotton economies farther south, might have forced the region to shift its attention in the nineteenth century to other nonagricultural pursuits, had it not been for the growing importance of a new product that soon overshadowed all else: short-staple cotton. This was a hardier and coarser strain of cotton that could grow successfully in a variety of climates and in a variety of soils. It was harder to process than the long-staple variety; its seeds were more difficult to remove from the fiber. But the 1793 invention of the cotton gin (see pp. 191–192) had largely solved that problem.

Demand for cotton was growing rapidly. The growth of the textile industry in Britain in the 1820s and 1830s, and in New England in the 1840s and 1850s, created an enormous new demand for the crop. As a result, ambitious men and women rapidly moved into previously uncultivated lands—many of them newly open to planter settlement after the relocation of the tribes in the 1820s and 1830s—to establish new cotton-growing regions.

Beginning in the 1820s, therefore, cotton production spread rapidly. From the western areas of South Carolina and Georgia, production moved steadily westward—first into Alabama and Mississippi, then into northern Louisiana, Texas, and Arkansas. By the 1850s, cotton had become the linchpin of the southern

#### THE NEW ORLEANS COTTON

**EXCHANGE** Edgar Degas, the French impressionist, painted this scene of cotton traders examining samples in the New Orleans cotton exchange in 1873. By this time the cotton trade was producing less impressive profits than those that had made it the driving force of the booming southern economy of the 1850s. Degas' mother came from a Creole family of cotton brokers in New Orleans, and two of the artist's brothers (depicted here reading a newspaper and leaning against a window) joined the business in America. (Giraudon/Art Resource)



economy. In 1820, the South had produced about 500,000 bales of cotton. By 1850 it was producing nearly 3 million bales a year, and by 1860 nearly 5 million.

There were periodic fluctuations in cotton prices, resulting generally from overproduction; periods of boom frequently gave way to abrupt busts. But the cotton economy continued to grow, even if in fits and starts. By the time of the Civil War, cotton constituted nearly two-thirds of the total export trade of the United States and was bringing in nearly \$200 million a year. The annual value of the rice crop, in contrast, was \$2 million. It was little wonder that southern politicians now proclaimed: "Cotton is king!"

Cotton production dominated the more recently settled areas of what came to be known as the "lower South" (or, in a later era, the "Deep South"). Many people began to call this region the "Cotton Kingdom." Settlement of the area resembled in some ways the rush of gold seekers to a new strike. The prospect of tremendous profits from growing cotton drew white settlers to the lower South by the thousands. Some were wealthy planters from the older states who transferred their assets and slaves to a cotton plantation. Most were small slaveholders or slaveless farmers who hoped to move into the planter class.

A similar shift, if an involuntary one, occurred in the slave population. Between 1820 and 1860, the number of slaves in Alabama leaped from 41,000 to 435,000, and in Mississippi from 32,000 to 436,000. In the same period, the increase in Virginia was only from 425,000 to 490,000. Between 1840 and 1860, according to some estimates, 410,000 slaves moved from the upper South to the cotton states—either accompanying masters who were themselves migrating to the Southwest or (more often) sold to planters already there. Indeed, the sale of slaves to the Southwest became an important economic activity in the upper South and helped the troubled planters of that region compensate for the declining value of their crops.

## SOUTHERN TRADE AND INDUSTRY

In the face of this booming agricultural expansion, other forms of

economic activity developed slowly in the South. The business classes of the region—the manufacturers and merchants—were not unimportant. There was growing activity in flour milling and in textile and iron manufacturing, particularly in the upper South. The Tredegar Iron Works in Richmond, for example, compared favorably with the best iron mills in the Northeast. But industry remained an insignificant force in comparison with the agricultural

### "COTTON IS KING!"

economy. The total value of southern textile manufactures in 1860 was \$4.5 million—a threefold increase over the value of those goods twenty years before,

but only about 2 percent of the value of the raw cotton exported that year.

To the degree that the South developed a nonfarm commercial sector, it was largely to serve the needs of the plantation economy. Particularly important were the brokers, or "factors," who marketed the planters' crops. These merchants tended to live in such towns as New Orleans, Charleston, Mobile, and Savannah, where they worked to find buyers for cotton and other crops and where they purchased goods for the planters they served. The South had only a very rudimentary financial system, and the factors often also served the planters as bankers, providing them with credit. Planters frequently accumulated substantial debts, particularly during periods when cotton prices were in decline; and the southern merchant-bankers thus became figures of considerable influence and importance in the region. There were also substantial groups of professional people in the South—lawyers, editors, doctors, and others. In most parts of the region, however, they too were closely tied to and dependent on the plantation economy. However important manufacturers, merchants, and professionals might have been to southern society, they were relatively unimportant in comparison with the manufacturers, merchants, and professionals of the North, on whom southerners were coming more and more (and increasingly unhappily) to depend.

The primitive character of the region's banking system matched a lack of development in other basic services and structures necessary for industrial development. Perhaps most notable was the South's inadequate transportation system. In the North in the antebellum period, enormous sums were invested in roads, canals, and above all railroads to knit the region together into an integrated market. In the South there were no such investments. Canals were almost nonexistent; most roads were crude and unsuitable for heavy transport; and railroads, although they expanded substantially in the 1840s and 1850s, failed to tie the region together effectively. Such towns as Charleston, Atlanta, Savannah, and Norfolk had direct connections with Memphis, and thus with the Northwest;

### INADEQUATE REGIONAL TRANSPORTATION SYSTEM

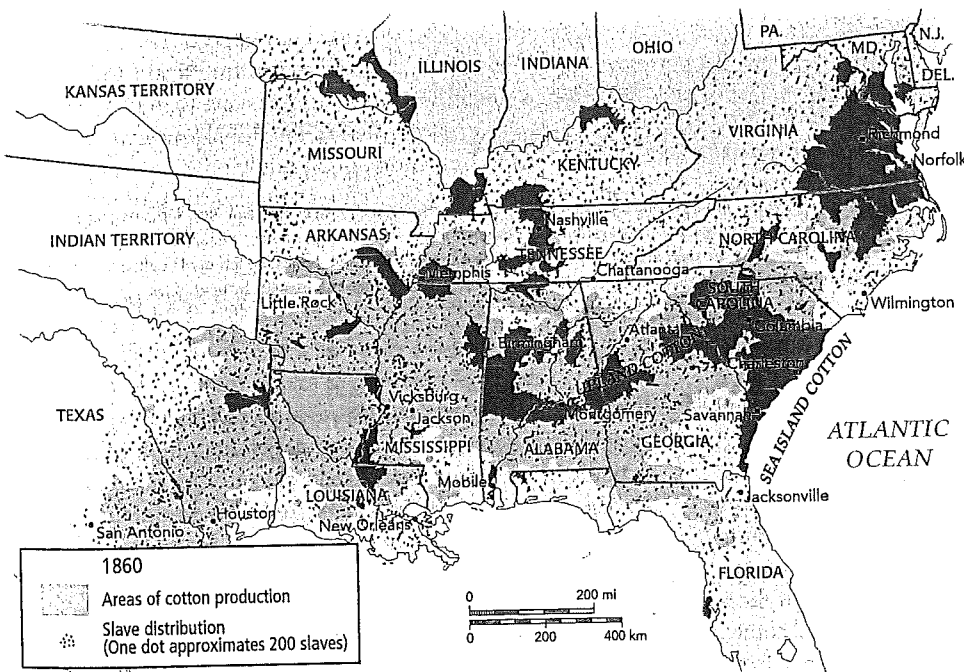
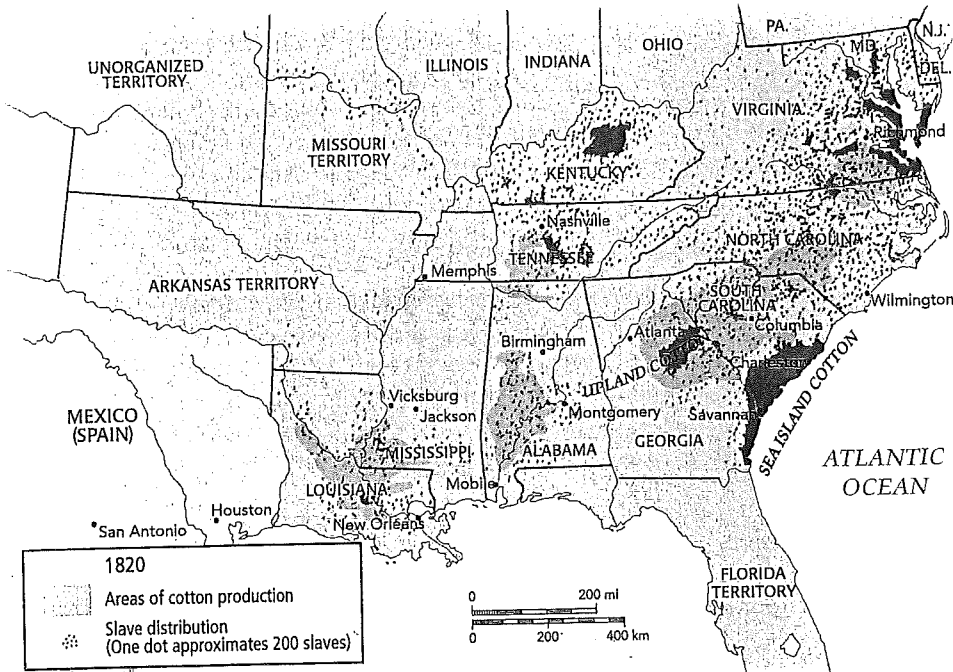
and Richmond was connected, via the Virginia Central, with the Memphis and Charleston Railroad. In addition, several independent lines furnished a continuous connection between the Ohio River and New Orleans. Most of the South, however, remained unconnected to the national railroad system. Most lines in the region were short and local. The principal means of transportation was water. Planters generally shipped their crops to market along rivers or by sea; most manufacturing was in or near port towns.

"FROM THE RATTLE WITH WHICH THE NURSE TICKLES THE EAR OF THE CHILD BORN IN THE SOUTH TO THE SHROUD THAT COVERS THE COLD FORM OF THE DEAD, EVERYTHING COMES TO US FROM THE NORTH."

ALBERT PIKE

**SLAVERY AND COTTON IN THE SOUTH, 1820 AND 1860** These two maps show the remarkable spread of cotton cultivation in the South in the decades before the Civil War. Both maps show the areas of cotton cultivation (the green-colored areas) as well as areas with large slave populations (the brown-dotted areas). Note how in the top map, which represents 1820, cotton production is concentrated largely in the East, with a few areas scattered among Alabama, Mississippi, and Tennessee. Slavery is most concentrated along the Georgia and South Carolina coast, areas in which long-staple cotton was grown, with only a few other areas of highly dense slave populations. By 1860, the South had changed dramatically. Cotton production had spread throughout the lower South, from Texas to northern Florida, and slavery had moved with it. Slavery was also much denser in the tobacco-growing regions of Virginia and North Carolina, which had also grown.

• How did this economic shift affect the white South's commitment to slavery?



Perceptive southerners recognized the economic subordination of their region to the North. "From the rattle with which the nurse tickles the ear of the child born in the South to the shroud that covers the cold form of the dead, everything comes to us from the North," the Arkansas journalist Albert Pike lamented. Perhaps the most prominent advocate of southern economic independence was James B. D. De Bow, a resident of New Orleans. He published a magazine advocating southern com-

mercial and agricultural expansion, *De Bow's Review*, which survived from its founding in 1846 until 1880. De Bow made his journal into a tireless advocate of southern economic independence from the North, warning constantly of the dangers of the "colonial" relationship between the sections. One writer noted in the pages of his magazine: "I think it would be safe to estimate the amount which is lost to us annually by our vassalage to the



## Context of Pre-1880

- 4 parts to cover Pre-1880
  1. The Artisan's World
  2. Transportation Revolution
  3. Communication
  4. The Market Revolution

### The Artisan's World

#### America in 1815

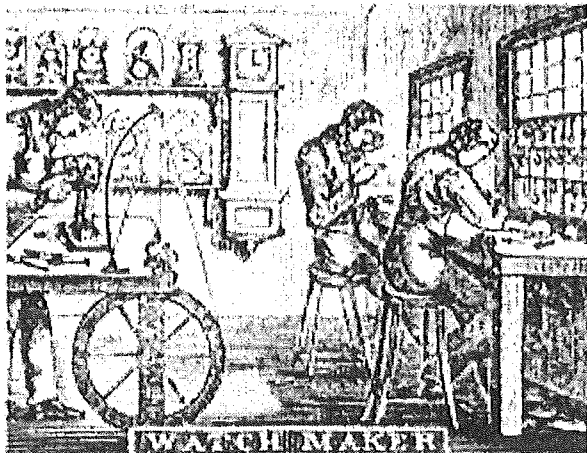
95% rural and agricultural

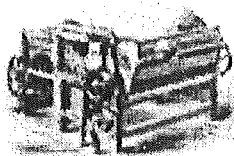


Only 12% of Americans worked for wages

### The Artisan's World

Pre-industrial production





CONTINUED TO PAGE 18 FALLOUT

LEAVES Boston 4:55 Tuesday, Thursday, and Saturday evenings  
at 5 o'clock, for Portland, at 6 o'clock; at 10 o'clock, for Newbury-  
port, and at 1 o'clock for the other stations. Leaves Newburyport every Mon-  
day, Wednesday and Friday evenings; for Portland at Newburyport, Plymouth  
at 5 o'clock; at 6 o'clock, and arrives at Boston at seven o'clock.

Passing through Danvers, Quincy, Haverhill, Hingham, Scituate,  
Hampden, Portland, Westbrook, Bangor, Portland to Bangor, Lew-  
iston, Bangor to Lewiston, 1 o'clock, 4 o'clock. From Bangor to Plymouth, 2 o'clock,  
4 o'clock. From Bangor to Portland, 3 o'clock, 4 o'clock.

... in der Mitte der Gruppe der ...

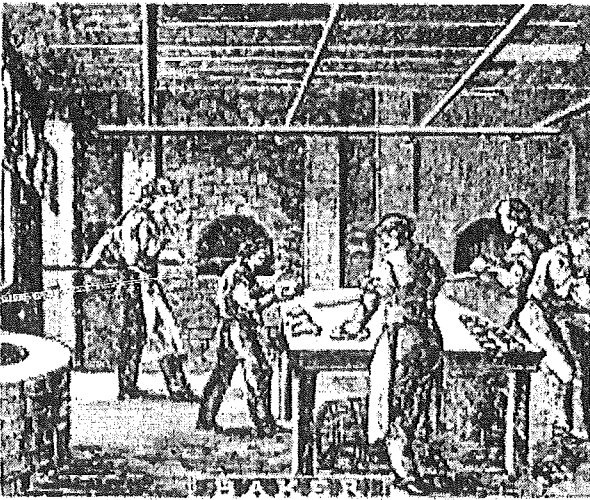
1. PERSONAL AND WORKING DATA

- Butchers, bakers, and candlestick makers
- Brewers
- Carpenters
- Coopers
- Cordwainers
- Tailors
- Blacksmiths
- Silver, gold, and pewter smiths
- Masons
- Weavers
- Potters
- Ropemakers
- And many, many more ...



## The Cordwainer

## The Artisan's World



## The Artisan's World

### How the Artisanal System Worked

- Master Craftsman
- Apprentice
  - 12 years old
  - placed by parents
  - Taught the "art and mys of the craft"
- Journeyman
  - Age 21+
  - Passes skill test
  - Paid modest wage
- Master Craftsman
  - Establishes own shop
  - Takes on apprentices



18<sup>th</sup> century sail makers

## The Artisan's World

### Key Elements

- Craft Production
  - Owned their tools
  - Operated in small shops
  - Made the complete product
- Irregular Work Patterns
  - time and pace
  - "black time"
  - days off for drinking or civic events
- Intense Pride in the Craft
- Goals - a "competence" (not riches)



## The Artisan's World

### Key Elements - continued

- There was a "Moral Economy"
  - definition
  - ✓ Mutual Obligations
  - ✓ The "Just Wage"
  - ✓ Quality Competition
  - ✓ Local Markets



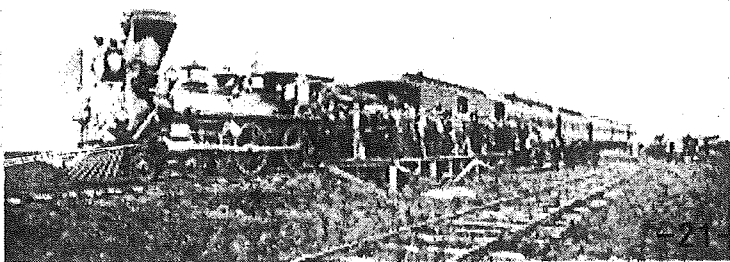
The Cooper

### Artisanal Republicanism & the Agrarian Myth

- Artisans are the truest republican citizens
- Artisans produce the nation's wealth
  - unlike lawyers, bankers, and merchants
- Artisans are independent of others
  - unlike common laborers
- Artisans believe in equality
- Artisans committed to the ideal of opportunity
  - opportunity to rise = liberty
- Artisans believe in meritocracy
  - not aristocracy or privilege
- Individualism or Collectivism?

## 2. The Transportation Revolution

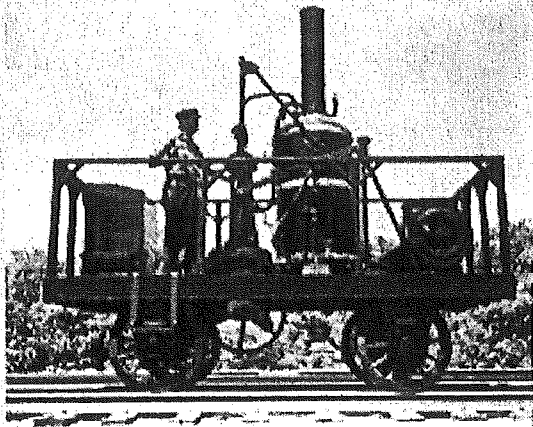
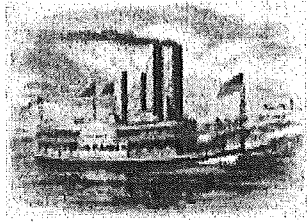
- Steamboats
- Canals
- Railroads
- Telegraph



## Impact of the Steamboats & Canal – Time and Money

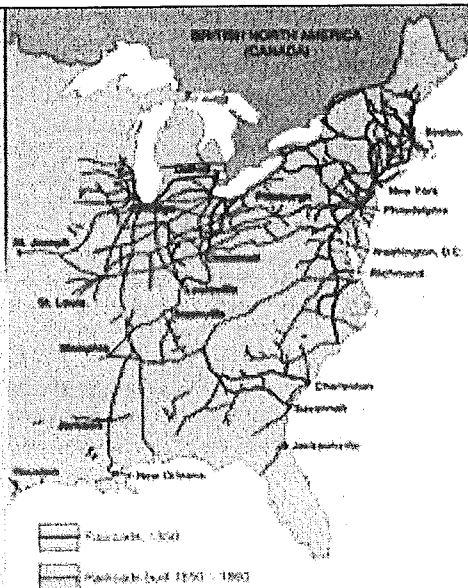


- **TRAVEL TIME** between NYC and Buffalo reduced from 20 days to 6
- **TRANSPORTATION COST** per ton reduced from \$100/ton to \$15/ton

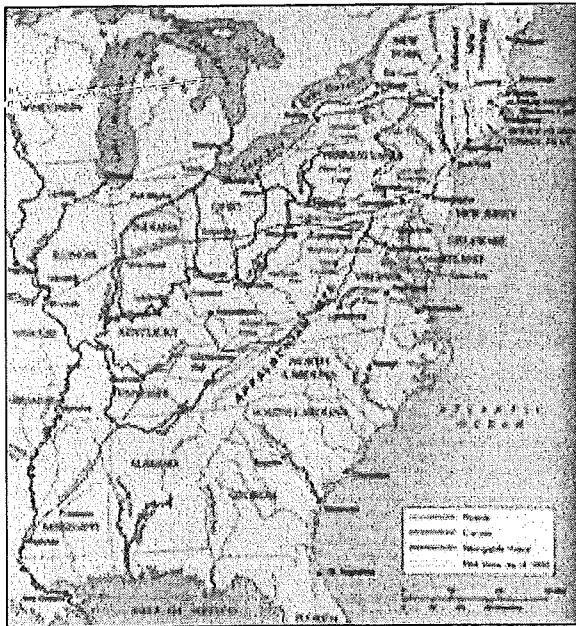


Tom Thumb

THE RAILROAD



The Spread of  
the Railroad,

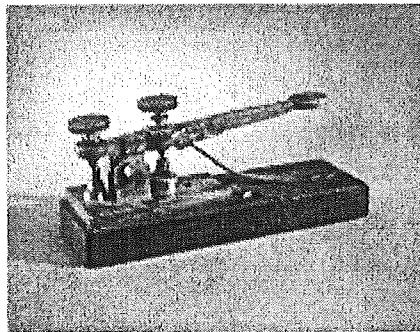


## Commercial Network

### 3. The Communication Revolution



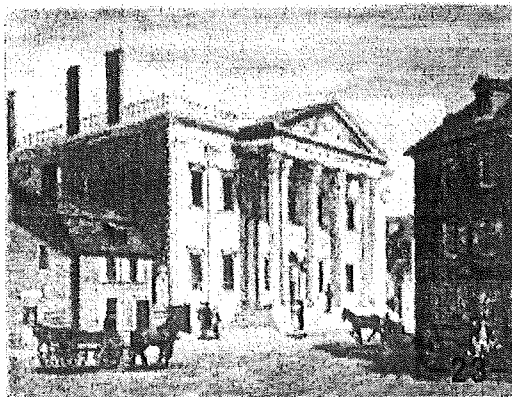
Samuel F. B. Morse



THE TELEGRAPH

### 4. The "Market Revolution"

- Commercial Banking
- Stock exchanges
- Insurance





## The "Market Revolution"

### Leads to the Demise of the Artisan's World

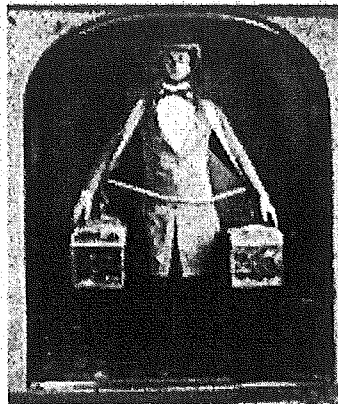
- Subdivide the production process into tasks
- Teach only part of the "arts and mysteries" of the craft
- Hire more apprentices rather than journeymen
- Pay a "market wage" instead of the "just wage"



## The "Market Revolution"

### Its Impact on The Artisanal System

- Price competition vs. Quality competition
- Search for larger markets
- Use credit to purchase large quantities of materials



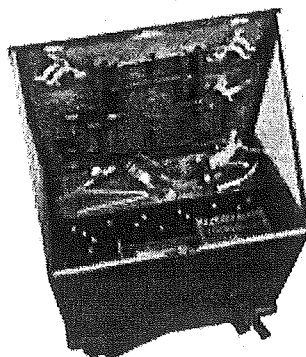
A peddler and his wares, 1850

## The "Market Revolution"

### "Entrepreneurs"

Duncan Phyfe (1768-1854)

- Immigrant from Scotland
- Apprenticed
- Opens cabinetry shop in NYC in 1782
- By 1815 an entrepreneur
  - Huge showroom
  - 3 workshops
  - 100 journeymen employees
  - \$100,000 fortune



D. Phyfe's tool chest and tools ca. 1840

## The "Market Revolution"

Individualism or Collectivism?

## Freedom and Liberty

### Civil War

- End of slavery
- How will this impact the way Americans do work?
- Imagine you are an artisan from 1815, transported to 1880, what has changed and what has remained the same?

### Previous Units

- Think about the other groups we have studied...in the late 1800s, what is the status of their movement for equal rights?
- Women
- Blacks
- Is the government promoting individualism or collectivism for these groups?
  - REMIXED QUESTION: Are people voluntarily or involuntarily interacting with one another in an equal



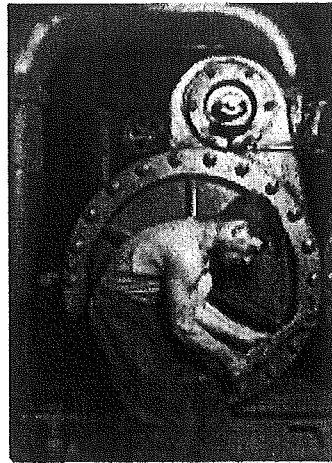
## Industrialization in the US (1880s-1890s)

- Why this time?
- Improvements:
- Government's Role:

### **The Rise of Industrial America**

#### Key Sources

- Natural Resources
- Capital
- Labor
- Ingenuity
- Huge Domestic Market
- Government Policy
- Ideology



### **The Rise of Industrial America**

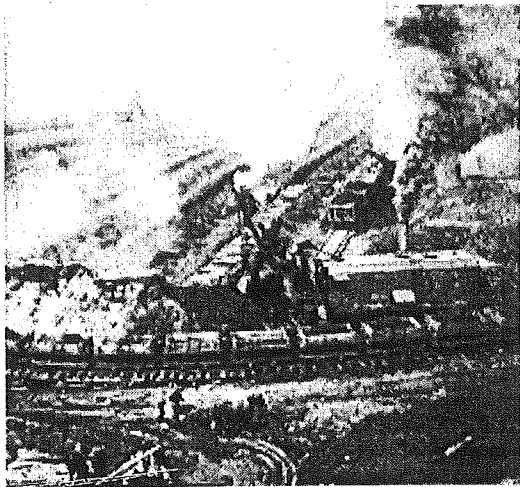
#### Key Sources - Natural Resources



COAL

## **The Rise of Industrial America**

Key Sources - Natural Resources



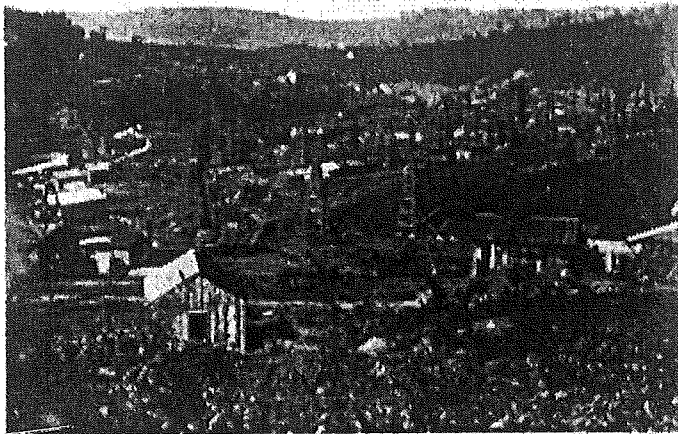
IRON

The Mesabi Range  
(MN)

## **The Rise of Industrial America**

Key Sources - Natural Resources

OIL

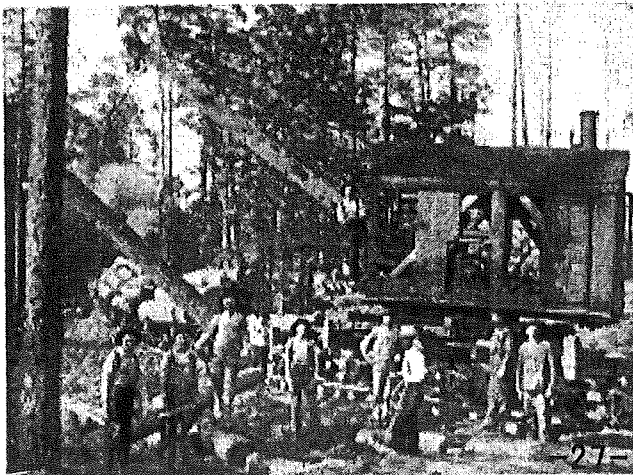


Pennsylvania oil field 1864

## **The Rise of Industrial America**

Key Sources - Natural Resources

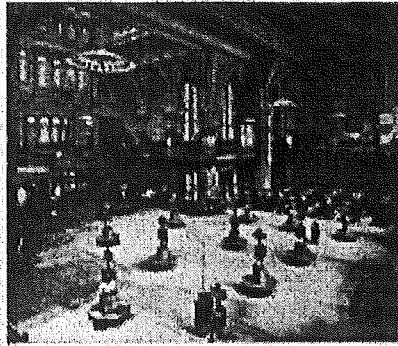
WOOD



## **The Rise of Industrial America**

Key Sources - Capital

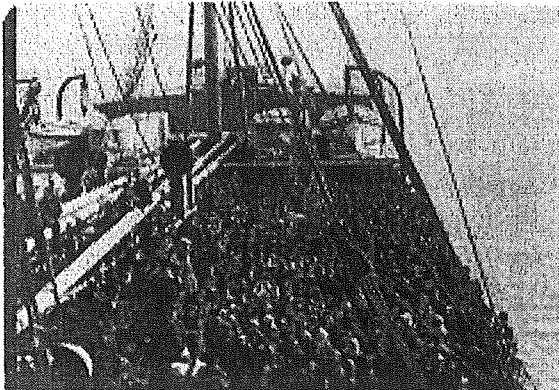
America - a "developing nation"  
in the 19<sup>th</sup> century



## **The Rise of Industrial America**

Key Sources - Labor

- Domestic
- Immigrant



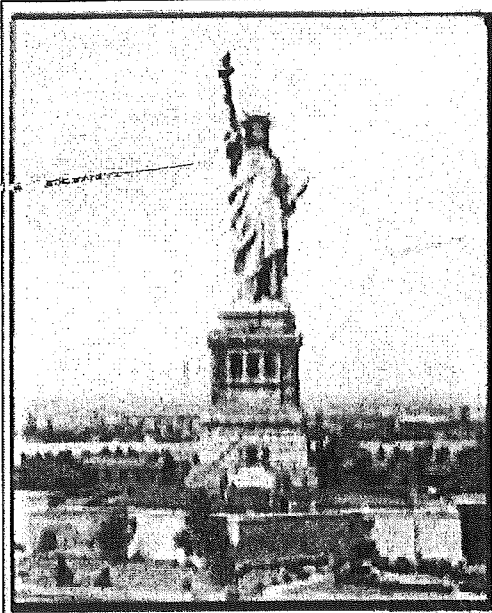
### **Old Immigration,** 1820-1880

- 8 million from N & W Europe:
- Irish, German, English, Scandinavian, & Chinese

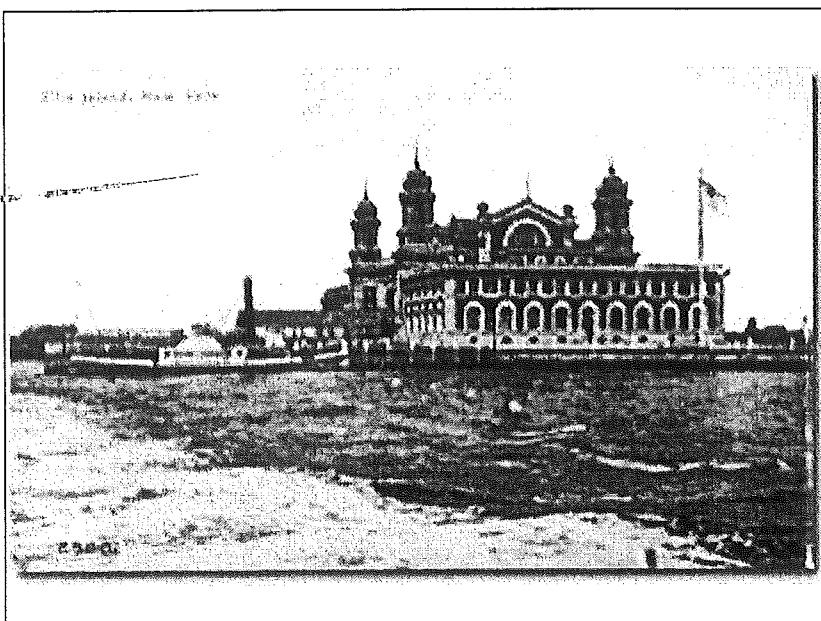
### **New Immigration,** 1880-1924

- 20 million from E & S Europe:
- Italian, Jewish, Polish, and Greek





"Give me your tired, your  
poor, Your huddled masses  
yearning to breathe free, The  
wretched refuse of your  
teeming shore. Send these,  
the homeless, tempest-tost to  
me, I lift my lamp beside the  
golden door!"



Ellis Island--examination of immigrants

# Why are people migrating?

- Push Factors

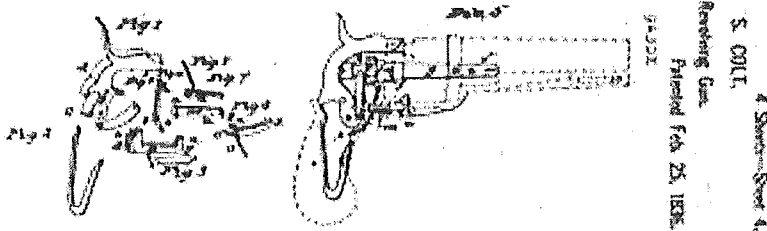
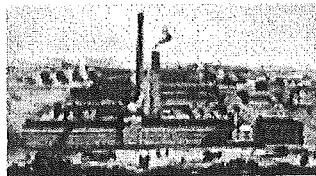
- Pull Factors

## The Rise of Industrial America

Key Sources - Ingenuity and Invention

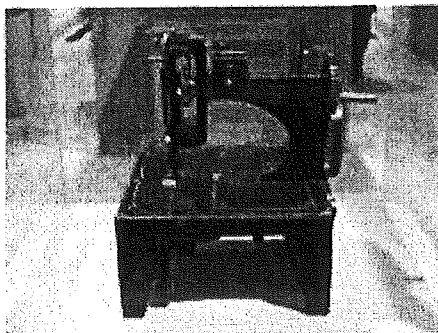


Samuel Colt



## The Rise of Industrial America

Key Sources - Ingenuity and Invention



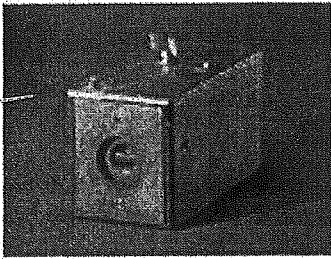
Singer's 1854 patent model

Isaac Singer - The Sewing Machine

# The Rise of Industrial America

## Key Sources - Ingenuity and Invention

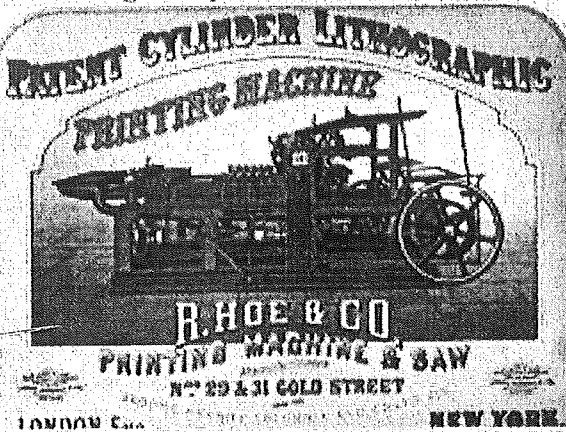
George Eastman and Kodak Cameras



**THE KODAK.**  
 ANYBODY can use the Kodak.  
 The operation of making a picture consists simply of pressing a button. One Hundred instantaneous pictures are made without re-loading. No dark room or chemicals are necessary. A division of labor is effected, whereby all the work of handling the pictures is done at the factory, where the camera can be sent to be re-loaded. The operator need not learn anything about photography. He says "Press the button"—and so the end.  
 Send for copy of Kodak Primer, with sample photograph.  
 The Eastman Dry Plate and Film Co.  
 111 N. 2ND ST. ROCHESTER, N. Y.

# The Rise of Industrial America

## Key Sources - Ingenuity and Invention



R. H. Hoe – The Steam-Powered Rotary

# The Rise of Industrial America

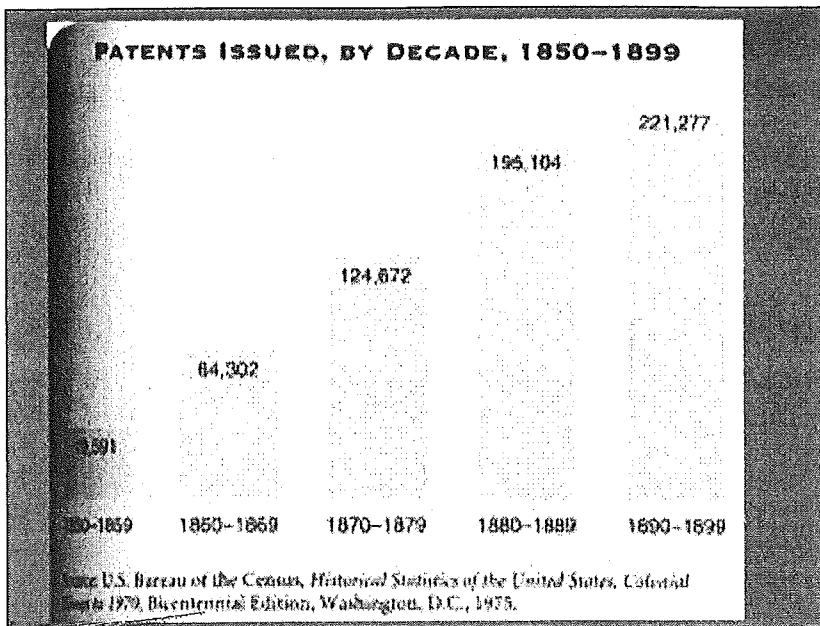
## Key Sources - Ingenuity and Invention



"I do not regard myself as a pure scientist ... I am only a professional inventor [concerned] ... entirely with the object of inventing that which will have commercial utility."

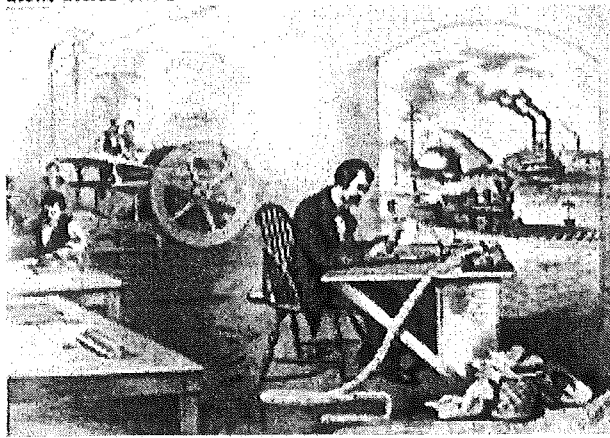
-- Thomas Edison





"Our inventors are the true national builders, the true promoters of civilization. They ... add to the sum of human knowledge, to the sum of human possessions, and to the sum of human happiness."

-- US Patent office 1892

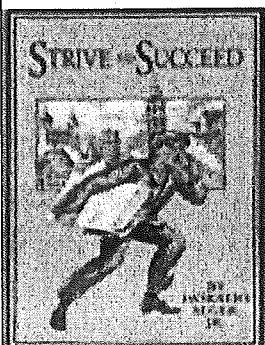


"Progress of the Century" Currier & Ives, 1876

## The Rise of Industrial America

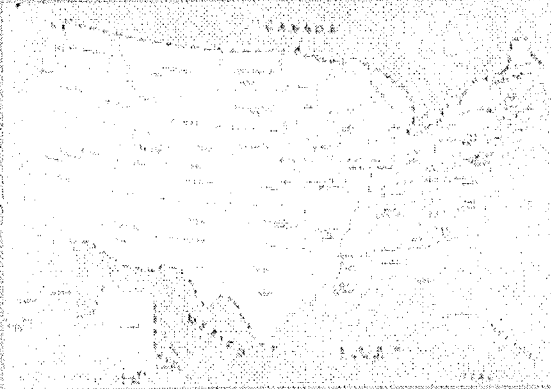
Key Sources - Ideology

### The Self-Made Man



## **The Rise of Industrial America**

**Key Sources • Huge Domestic Market**



**Taxes  
Tariffs  
Currency  
Laws**

## **The Rise of Industrial America**

**Key Sources**

- Natural Resources
- Capital
- Labor
- Ingenuity →
- Huge Domestic Market
- Government Policy
- Ideology
- Electricity
- Bessemer process: steel
- Telegraph-wireless
- Railroads: time zones
- Mass production

## **The Rise of Industrial America**

**Key Sources**

- Natural Resources
- Capital
- Labor
- Ingenuity
- Huge Domestic Market
- Government Policy
- Ideology
- Several men take advantage of these factors to create huge fortunes and establish American industry



## Next Class & Homework

- We are moving into the effects of the Robber Barons/Captains of Industry upon the United States.
  - politically, socially, economically, etc.
- Homework: Read page 8, 24 and 25-27. For each of these readings, determine these people's response to the Robber Barons/the way that business is being run in the late 1800s/turn of the century. Overall - what does it feel like to be at the bottom? What are their lives like?

## Captains of Industry

- Created new techniques and inventions to increased profits – how would artisans feel about this?
  - Vertical integration
  - Horizontal integration
  - Trusts
  - monopolies
- What are the positive qualities in these men?

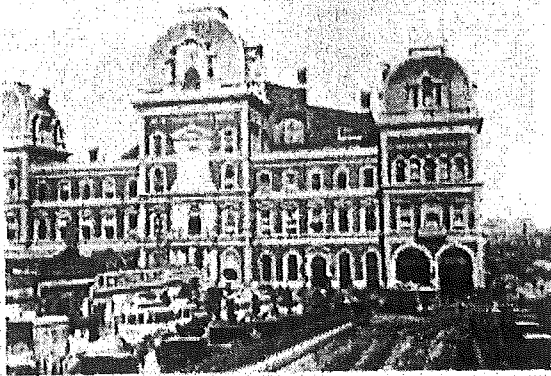
## "Captains of Industry"

*Oil – John D. Rockefeller*



## "Captains of Industry"

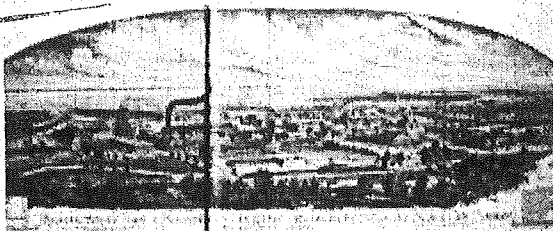
*Railroads – Cornelius Vanderbilt*



Grand Central Terminal - NYC

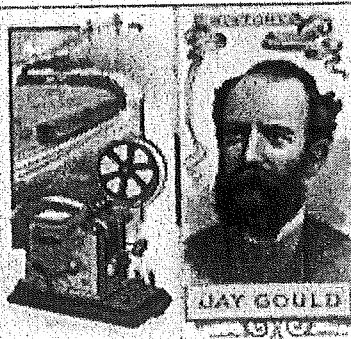
## "Captains of Industry"

*Sleeping Cars – George Pullman*



## "Captains of Industry"

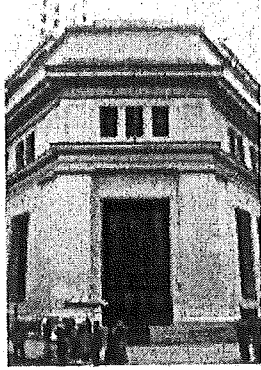
*Railroads and Finance – Jay Gould*



Duke Tobacco card from series  
"Histories of Poor Boys Who Became  
Rich and Other Famous People"

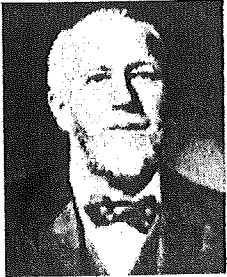
## "Captains of Industry"

*Finance – J. P. Morgan*



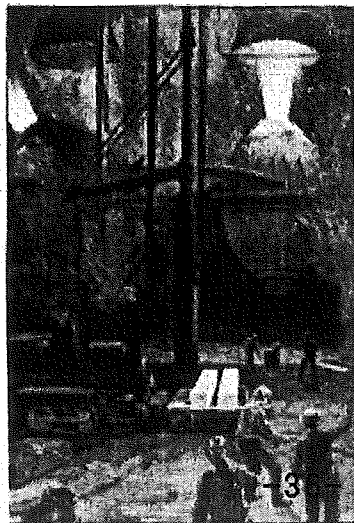
## "Captains of Industry"

*Meat Packing – Gustavus Swift*



## "Captains of Industry"

*Steel – Andrew Carnegie*



# HISTORY NOW

## **Born Modern: An Overview of the West**

by Richard White

Margaret Byrne Professor of American History, Stanford University

The present American West is a creation of history rather than geography. There has never been a single West; American Wests come and go. At various times places now considered as thoroughly eastern as western Pennsylvania, western New York, or West Virginia have been the West, and over the course of the nineteenth century the term itself proceeded steadily westward. The arguments for defining the modern West as that section of the United States west of the Missouri River or, more narrowly, west of the ninety-eighth meridian, are historical, as are the arguments for pronouncing this region different from the Wests that preceded it. The modern American West is not the product of the arrival at the Pacific of a steadily moving frontier but is instead the result of transformative events and new processes.

To a remarkable degree, the modern West is the product of two wars -- the Civil War, which brought it into being, and World War II, which utterly transformed it. Any broad overview of the history of the American West, such as this one, must recognize the lasting consequences of these events for the West.

Before it became the American West, the region west of the Missouri had for centuries been Indian country and a contested and uncontrolled borderland between empires. Between 1865 and 1869, it underwent a gestation, and a large chunk of it was reborn as a child of the Civil War. By the time this West reached adulthood, it would be fully under American control. Its identity was more than the result of conquest. Americans had been conquering land and dispossessing its prior inhabitants long before they reached the West, but both the pace and processes of conquest -- military, political, economic and technological -- changed in important ways following the Civil War. As a result, the West evolved differently from lands east of the Missouri River.

Before the Civil War there had been two parallel expansions -- a northern expansion based on free labor and a southern expansion based on slave labor. Terms like Manifest Destiny disguise the deep tensions and divisions over westward expansion that surfaced again and again in the controversies over the admission of Missouri as a state, the annexation of Texas, and the organization of Kansas as a territory. The Civil War replaced this dual expansion with a unitary expansion. There would be no equivalent of the Mason-Dixon line or the Ohio River in the West. The West is one of the many places that the South lost and lost badly.

There was a second political consequence of the Civil War in the West, and that was the expansion of federal power. Before the Civil War, the federal government was quite weak. The Civil War created, in Richard Bense's nice phrase, a "Yankee Leviathan" -- a powerful federal government. And although the power of this state diminished unevenly following the war, it remained strongest in the South during Reconstruction -- and afterwards was strongest in the West. During the late nineteenth century, the West was the kindergarten of the American state, a place where federal government nurtured its power and produced its bureaucracies. After Reconstruction, most of the

American army was stationed in the West. The federal government controlled most of the West's lands and an important, if not particularly efficient, bureaucracy disposed of them. With their lives touched by institutions like the agency that became the Bureau of Indian Affairs, the U.S. Geological Survey, and — late in the century — the emerging Forest Service, Westerners, more than inhabitants of any other section, depended on the presence of the federal government.

Federal power, in turn, was linked to a distinctive pattern of development. The backcountry or frontier of the early nineteenth century initially had weak and uneven connections with national or international markets. Market connections depended on rivers and eventually canals. Areas newly settled by non-Indians thus were unevenly integrated into regional or national economies, and politics often reflected these connections — or the lack of them.

In the West, settlement tended to follow, rather than precede, connections to national and international markets. This was true in California with the Gold Rush and mineral rushes elsewhere, but it was most true after the Civil War when the railroads funded and subsidized by federal, state, and eventually local governments penetrated the region. "Population," in Richard Overton's words, "followed the rails." Except for Mormons, Anglo-American settlement of the West really had no pre-market or even weak market phase. There was subsistence agriculture in the West, but it was largely Indian and Mexican American. The great flood of migration brought commercial farmers who came in on railroads and depended upon them to get their crops to market. This was settlement by a mature commercial and increasingly industrial society, and from the beginning of the period, the West was a place of large and powerful corporations. There was no equivalent to these conditions in the settlement that took place further east.

The combination of a strong federal government and an industrial and commercial society had, in turn, further consequences. The first was that after the Civil War, Indian peoples were badly outmatched. They faced a modern army, shaped by the Civil War, able to move quickly due to the new railroad network, and equipped with ever more powerful weapons. "Experience proves," Grenville Dodge, a leading figure in the Union Pacific and Texas Pacific railroads, wrote, "the Railroad line through Indian Territory a Fortress as well as a highway." Or as Charles Francis Adams, president of the Union Pacific, put it, "The Pacific railroads have settled the Indian question."

Until the War of 1812, Indian peoples east of the Mississippi had been formidable opponents of American expansion. They were not only skilled fighters, but could call on European imperial allies. But Indians were warriors, not professional soldiers. They had to feed their families and could not remain in the field all year. The professional soldiers they faced suffered from neither of these liabilities. The soldiers might lose battles, but they did not lose wars. American advantages in numbers, equipment, and logistics were too formidable. Americans' tactics were too ruthless. The pressures they put on Indians were relentless.

The results of the forces unleashed by the Civil War and the growth of a modern industrial society were, in hindsight, astonishing. New York is roughly 1,150 miles from Omaha, Nebraska, which is on the Missouri River and was the jumping-off place for the Union Pacific Railroad. Omaha, in turn, was roughly 1,421 miles from San Francisco, which was the terminus of the Central Pacific Railroad, the second half of

the first transcontinental railroad. It had taken non-Indians roughly three and a half centuries to take control of the land east of the Missouri; it took less than thirty years to secure control of the remaining fifty-five percent of the continent. The United States, had, of course, claimed virtually this entire region since the Mexican War, but most of it had remained Indian Country beyond practical control by the United States and only marginally connected with national or international markets. This was not true by the turn of the twentieth century. In hindsight, parts of this rapid expansion now seem a mistake. Large areas were repeatedly deserted during nineteenth-century droughts, and large sections of the Great Plains and the interior basins and plateaus saw their populations peak around 1920. For many farmers in the high arid regions, the twentieth century would be a long, slow retreat.

The West that had emerged from this rapid conquest and occupation by non-Indians was by the twentieth century a hardscrabble place. Its economy was based on extractive industries such as mining, fishing, and logging or on agriculture and ranching. San Francisco, gradually Los Angeles, and to a lesser extent Seattle developed some manufacturing, but by and large the West produced raw materials and semi-finished goods. Outside of the Great Plains, it was more urban than the country as a whole, and much of it was marked by other distinctive demographic patterns. In many parts of the West men heavily outnumbered women, and immigration from China, and later Japan and Mexico led to a racialization of work and demonization of the Chinese and Japanese.

By the time the Depression hit in the 1930s, large parts of the West were already staggering under low commodity prices. This only increased the region's sense of resentment. It saw itself as the hewer of wood and carrier of water for the East and as exploited by Eastern capital and corporations. The New Deal gained immense popularity in the West not only because New Deal policies brought some immediate relief from the Depression but because so many New Deal projects — particularly the dams on Western rivers — built up a Western infrastructure that while of little use in the 1930s, would prove critical to Western development during and after World War II.

The Depression shifted public resources westward, but World War II moved them in that direction on a far more massive and enduring scale. The excess hydroelectric power developed during the Depression now provided electricity for factories and aluminum mills, as well as the new atomic works at Hanford, Washington. The West gained a disproportionate share of military bases and government funding. Virtually overnight, the West acquired a shipbuilding industry, and its infant aircraft industry expanded enormously. The West had not produced a single commercial cargo vessel in the 1930s, but during World War II, it accounted for fifty-two percent of American shipbuilding production. Los Angeles set out to make itself the Detroit of the aircraft industry, and it succeeded. As was the case in the wake of the Civil War, during World War II the government subsidized large corporations such as Boeing, Kaiser, and Lockheed that became critical to the Western economy.

Workers, including those who had taken part in the first large-scale African American migration from the South to Northern industrial cities, came west to work in relatively high-paying jobs in these factories. On the Pacific Coast, African American migrants often moved into neighborhoods vacated by Japanese Americans and older Japanese

immigrants who had been interned in concentration camps after Pearl Harbor. A region that had supported the deportation and eviction of Mexican workers and their Mexican American children in the 1930s urged their return in the 1940s. The West's population increased roughly three times as quickly as the population of the country as a whole. Much of this growth was on the Pacific Coast and most of it was urban. Westerners feared the boom and growth would end following the war, but with the onset of the Cold War, continued federal support for the new aerospace industry as well as the maintenance of military bases spurred further growth. That expansion was not even, of course, but the old extractive economy was no longer at the core of the West. Politically, the West remained more liberal and more supportive of a strong federal role in the economy into the 1960s, but gradually this changed, and the region grew steadily more conservative as the century went on.

In popular culture, the West is seen as dichromatic – with whites and Indians. In reality, the West was more diverse than that, with large-scale immigration from Asia, Mexico, and later other places in Latin America, as well as Europe and Canada.

What is perhaps most striking about such a broad overview of the West during the last century and a half is that a region defined in the popular mind by icons of individualism – cowboys, mountain men, gunfighters – can more accurately be seen as the child of government and large corporations. A place that we tend to define in terms of nature and a timeless past is actually probably the most modern section of the country. The West, as defined here, was born modern.

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***Born Modern: An Overview of the West*** by, Richard White, Ph. D.

*Directions: Please Read the attached article and answer the following questions below.*

1. Why does White argue that the West is not a creation of geography, but of history?
2. Why does White argue that "the West is one of the many places that the South lost and lost badly"?
3. How did the Civil War lead to the growth of federal power in the West?
4. What came first in the West - settlement or the development of economic markets? Why?
5. What type of economic society developed in the West after the Civil War? Why did it develop?

6. How did the combination of a strong federal government with an industrial and commercial society defeat Native Americans?
7. What were the consequences of such a rapid westward expansion?
8. How did the federal government's response ("The New Deal") to the Great Depression of the 1930s change the west?
9. How did World War II change the west?
10. According to White, what is striking when analyzing a broad overview of the West?

Annotate how business men justified their behavior  
 \* what is the philosophy of the business man?

187.

## VI. THE PHILOSOPHY OF THE BUSINESSMAN



If American businessmen at times employed harsh methods in accumulating wealth and expanding their industry, they justified their behavior by proclaiming, philosophically, that they operated in accordance with the laws of God and nature. The remaining vestiges of an old-time Puritanism in the American mind which had accustomed religious people to look for a sign of God's grace came to their aid. According to this belief the Creator, in His infinite wisdom, guided the fortunes of mankind according to His own mysterious design, favoring a few with wealth and the multitude with the miseries of poverty. Wealth was a sign of God's benevolence—an indication that He had smiled upon that particular person or class. Envy of the fortunate might prompt protest, but this was an expression of depraved, evil blasphemy to be properly denounced from the pulpit.

Selected from a wide choice of evidence, one incident in the career of John D. Rockefeller spotlights this widely accepted doctrine. When a religious conference received an announcement of the initial check from Rockefeller for the establishment of a university at Chicago, its members rose and in unison sang "Praise God from Whom All Blessings Flow."<sup>1</sup> Shortly thereafter the multimillionaire explained his benevolence with, "The good Lord gave me the money, and how could I withhold it from Chicago?"<sup>2</sup>

The theory of classical economics asserting that an economy operates according to natural economic laws likewise gave broad intellectual support to the businessman. It was a faith that a national economy functions smoothly, resulting in equilibrium, only when the mechanical laws of nature are allowed to work

<sup>1</sup> Allan Nevins, *John D. Rockefeller* (New York: Charles Scribner's Sons, 1940) II, p. 228.  
<sup>2</sup> *Ibid.*, p. 238.

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*The American Scene: 1860 to the Present*

freely without the interference of outside artificial forces. Laws such as freedom of contract, supply and demand, diminishing returns, among others, operate favorably for the creation of national prosperity, not by the Christian laying on of hands, but by hands off—"laissez-faire."

The philosophy of Social Darwinism, unfolded in a series of volumes by Herbert Spencer, also offered scientific justification for the businessman's favorable position in society. In the biological world a species is selected by nature for survival because it possesses superior physical qualities which allow it to adapt successfully to the trying conditions of the environment. This theory, transferred to the economic world, asserted that the wealthy-businessman had secured his favorable position, not by sculduggery, but by having those qualities which allowed him to emerge victoriously in the struggle of the market place. These sterling qualities were perseverance, hard work, good judgment, grit and stick-to-itiveness. "Work and save if you will win the battle of life" was their motto. On the other hand, the poor were supposedly shiftless, lazy and complaining, could not follow orders and, when they received a dollar, instead of saving it for investment capital, spent it to gratify a capricious desire—usually in some saloon. The poverty of the poor, according to this philosophy, was the natural condition of those who, because of unfitness, failed in the struggle.

Social Darwinism became the respectable philosophy of this generation. Frederick A. P. Barnard, president of Columbia University, evaluated Spencer as the greatest philosopher since Aristotle. Justice Oliver Wendell Holmes Jr., however, was so exasperated because these ideas so thoroughly controlled the thinking of his colleagues that he admonished them in the dissenting opinion in *Lochner v. New York* (1905), saying that "the Fourteenth Amendment does not enact Mr. Herbert Spencer's *Social Statics*."

## How Big Businessmen Justified Their Acts

One of the important books of the nineteenth century was Charles Darwin's *The Origin of Species*. This work described all life as a struggle in which only the fittest individuals managed to survive. The result was a process of natural selection of the best specimens and a gradual evolution of creatures into more successful organisms. This view of animals fighting each other for a limited food supply had a great impact on the thinking of nineteenth-century businessmen.

Today we do not approve of John D. Rockefeller's forcing his competitors out of business by getting secret rebates from the railroad. In his day, however, businessmen saw this activity as a part of the natural struggle for survival. The world of business was like the jungle: if a man did not fight, he would be crushed. Only the strongest or swiftest stayed alive — or in the case of businessmen — only the shrewdest or toughest ended up millionaires. It is important to understand this point of view in order to see the post-Civil War years in clear perspective. It explains how the Rockefellers, the Carnegies, the Morgans, and the Vanderbilts could put together their economic empires ruthlessly but with clear consciences.

In the following brief selections we have quoted two statements arguing this position. The first is from Andrew Carnegie's "The Gospel of Wealth" (1889). Carnegie began as a Scottish immigrant and rose to be a fabulously wealthy steel manufacturer.

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THE price which society pays for the law of competition, like the price it pays for cheap comforts and luxuries, is also great; but the advantages of this law are also greater still, for it is to this law that we owe our wonderful material development, which brings improved conditions in its train. But, whether the law be benign or not, we must say of it, as we say of the change in the conditions of men to which we have referred: It is here; we cannot evade it; no substitutes for it have been found; and while the law may be sometimes hard for the individual, it is best for the race, because it insures the survival of the fittest in every department. We accept and welcome, therefore, as conditions to which we must accommodate ourselves, great inequality of environment, the concentration of business, industrial and commercial, in the hands of a few, and the law of competition between these, as being not only beneficial, but essential for the future progress of the race. Having accepted these, it follows that there must be great scope for the exercise of special ability in the merchant and in the manufacturer who has to conduct affairs upon a great scale. ¶¶

The next statement is by William Graham Sumner, a professor of economics at Yale, who wrote about 1880:

~~~~~

PRIVATE property . . . produces inequalities between men. The struggle for existence is aimed against nature. It is from her niggardly hand that we have to wrest the satisfactions for our needs, but our fellow-men are our competitors for the meager supply. Competition, therefore, is a law of nature. Nature is entirely neutral; she submits to him who most energetically and resolutely assails her. She grants her rewards to the fittest, therefore, without regard to other considerations of any kind. If, then, there be liberty, men get from her just in proportion to their works, and their having and enjoying are just in proportion to their being and their doing. Such is the system of nature. If we do not like it, and if we try to amend it, there is only one way in which we can do it. We can take from the better and give to the worse. We can deflect the penalties of those who have done ill and throw them on those who have done better. We can take the rewards from those who have done better and give them to those who have done worse. We shall thus lessen the inequalities. We shall favor the survival of the unfittest, and we shall accomplish this by destroying liberty. Let it be understood that we cannot go outside of this alternative: liberty, inequality, survival of the fittest; not-liberty, equality, survival of the unfittest. The former carries society forward and favors all its best members; the latter carries society downwards and favors all its worst members. ¶¶

## Two Speeches by Mary Elizabeth Lease (circa 1890)

### "WALL STREET OWNS THE COUNTRY" (CIRCA 1890)<sup>5</sup>

This is a nation of inconsistencies. The Puritans fleeing from oppression became oppressors. We fought England for our liberty and put chains on four million of blacks. We wiped out slavery and our tariff laws and national banks began a system of white wage slavery worse than the first. Wall Street owns the country. It is no longer a government of the people, by the people, and for the people, but a government of Wall Street, by Wall Street, and for Wall Street. The great common people of this country are slaves, and monopoly is the master. The West and South are bound and prostrate before the manufacturing East. Money rules, and our Vice-President [Levi Parsons Morton] is a London banker. Our laws are the out-put of a system which clothes rascals in robes and honesty in rags. The parties lie to us and the political speakers mislead us. We were told two years ago to go to work and raise a big crop, that was all we needed. We went to work and plowed and planted; the rains fell, the sun shone, nature smiled, and we raised the big crop that they told us to; and what came of it? Eight-cent corn, ten-cent oats, two-cent beef and no price at all for butter and eggs—that's what came of it. Then the politicians said we suffered from over-production. Over-production, when 10,000 little children, so statistics tell us, starve to death every year in the United States; and over 100,000 shop-girls in New York are forced to sell their virtue for the bread their niggardly wages deny them. . . . We want money, land and transportation. We want the abolition of the National Banks, and we want the power to make loans direct from the Government. We want the accused foreclosure system wiped out. . . . We will stand by our homes and stay by our fireside by force if necessary, and we will not pay our debts to the loan-shark companies until the Government pays its debts to us. The people are at bay, [so] let the bloodhounds of money who dogged us thus far beware.

### SPEECH TO THE WOMEN'S CHRISTIAN TEMPERANCE UNION (1890)<sup>6</sup>

Madame President and Fellow Citizens:—If God were to give me my choice to live in any age of the world that has flown, or in any age of the world yet to be, I would say, O God, let me live here and now, in this day and age of the world's history.

For we are living in a grand and wonderful time—a time when old ideas, traditions and customs have broken loose from their moorings and are hopelessly adrift on the great shoreless, boundless sea of human thought—a time when the gray old world begins to dimly comprehend that there is no difference between the brain of an intelligent woman and the brain of an intelligent man; no difference between

the soul-power or brainpower that nerved the arm of Charlotte Corday to deeds of heroic patriotism and the soul-power or brain-power that swayed old John Brown behind his death dealing barricade at Ossawatimie. We are living in an age of thought. The mighty dynamite of thought is upheaving the social and political structure and stirring the hearts of men from center to circumference. Men, women and children are in commotion, discussing the mighty problems of the day. The agricultural classes, loyal and patriotic, slow to act and slow to think, are today thinking for themselves; and their thought has crystallized into action. Organization is the key-note to a mighty movement among the masses which is the protest of the patient burden-bearers of the nation against years of economic and political superstition. . . .

Yet, after all our years of toil and privation, dangers and hardships upon the Western frontier, monopoly is taking our homes from us by an infamous system of mortgage foreclosure, the most infamous that has ever disgraced the statutes of a civilized nation. It takes from us at the rate of five hundred a month the homes that represent the best years of our life, our toil, our hopes, our happiness. How did it happen? The government, at the bid of Wall Street, repudiated its contracts with the people; the circulating medium was contracted in the interest of Shylock from \$54 per capita to less than \$8 per capita; or, as Senator [Preston] Plumb tells us, "Our debts were increased, while the means to pay them was decreased"; or as grand Senator [William Morris] Stewart puts it, "For twenty years the market value of the dollar has gone up and the market value of labor has gone down, till today the American laborer, in bitterness and wrath, asks which is the worst—the black slavery that has gone or the white slavery that has come."

Do you wonder the women are joining the Alliance? I wonder if there is a woman in all this broad land who can afford to stay out of the Alliance. Our loyal, white-ribbon women should be heart and hand in this Farmers' Alliance movement, for the men whom we have sent to represent us are the only men in the councils of this nation who have not been elected on a liquor platform; and I want to say here, with exultant pride, that the five farmer Congressmen and the United States Senator we have sent up from Kansas—the liquor traffic, Wall Street, "nor the gates of hell shall not prevail against them."

Annotate Carnegie's ideas / rec  
what to do and what not to do to <sup>on</sup> succeed in  
life.

Andrew Carnegie: *How to Succeed in Life*

Source: [http://www.clpgh.org/exhibit/neighborhoods/oakland/oak\\_n751.html](http://www.clpgh.org/exhibit/neighborhoods/oakland/oak_n751.html)  
From The Pittsburg Bulletin, 19 December 1903. Reprinted from the New York Tribune.

Everybody wants to preach to the young, and tell them to be good and they will be happy. I shall not enter far upon that field, but confine myself to presenting from a business man's standpoint of view, a few rules, which, I believe, lie at the root of business success.

First--Never enter a bar-room. Do not drink liquor as a beverage. I will not paint the evil of drunkenness, or the moral crime; but I suggest to you that it is low and common to enter a bar-room, unworthy of any self-respecting man, and sure to fasten upon you a taint which will operate to your disadvantage in life, whether you ever become a drunkard or not.

Second--I wish young men would not use tobacco--not that it is morally wrong, except in so far as it is used in excess and injures health, which the medical faculty declares it does. But the use of tobacco requires young men to withdraw themselves from the society of women to indulge the habit. I think the absence of women from any assembly tends to lower the tone of that assembly. The habit of smoking tends to carry young men into the society of men whom it is not desirable that they should choose as their intimate associates. The practice of chewing tobacco was once common. Now it is considered offensive. I believe the race is soon to take another step forward, and that the coming man is to consider smoking as offensive as chewing was formally considered. As it is practically abandoned now, so I believe smoking will be.

Third--Having entered upon work, continue in that line of work. Fight it out on that line (except in extreme cases), for it matters little what avenue a young man finds first. Success can be attained in any branch of human labor. There is always room at the top in every pursuit. Concentrate all your thought and energy upon the performance of your duties. Put all your eggs into one basket and then watch that basket, do not scatter your shot. The man who is director in a half dozen railroads and three or four manufacturing companies, or who tries at one and the same time to work a farm, a factory, a line of street cars, a political party and a store, rarely amounts to much. He may be concerned in the management of more than one business enterprise, but they should all be of the one kind, which he understands. The great successes of life are made by concentration.

Fourth--Do not think a man has done his full duty when he has performed the work assigned him. A man will never rise if he does only this. Promotion comes from

exceptional work. A man must discover where his employer's interests can be served beyond the range of the special work allotted to him; and whenever he sees his employer's interests suffer, or wherever the latter's interests can be promoted, tell him so. Differ from your employers upon what you think his mistakes. You will never make much of a success if you do not learn the needs and opportunities of your own branch much better than your employer can possibly do. You have been told to "obey orders if you break owners." Do no such foolish thing. If your employer starts upon a course which you think will prove injurious, tell him so, protest, give your reasons, and stand to them unless convinced you are wrong. It is the young man who does this, that capital wants for a partner or for a son-in-law.

Fifth--Whatever your wages are, save a little. Live within your means. The heads of stores, farms, banks, lawyers' offices, physicians' offices, insurance companies, mills and factories are not seeking capital; they are seeking brains and business habits. The man who saves a little from his income has given the surest indication of the qualities which every employer is seeking for.

Sixth--Never speculate. Never buy or sell grain or stocks upon a margin. If you have savings, invest them in solid securities, lands or property. The man who gambles upon the exchanges is in the condition of the man who gambles at the gaming table. He rarely, if ever, makes a permanent success. His judgment goes; his faculties are snapped; and his end, as a rule, is nervous prostration after an unworthy and useless life.

Seventh--If you ever enter business for yourself, never indorse for others. It is dishonest. All your resources and all your credit are the sacred property of the men who have trusted you; and until you have surplus cash and owe no man, it is dishonest to give your name as an indorser to others. Give the cash you can spare, if you wish, to help a friend. Your name is too sacred to give.

Do not make riches, but usefulness, your first aim; and let your chief pride be that your daily occupation is in the line of progress and development; that your work, in whatever capacity it may be, is useful work, honestly conducted, and as such ennobling to your life.

To sum up, do not drink, do not smoke, do not indorse, do not speculate. Concentrate, perform more than your prescribed duties; be strictly honest in word and deed. And may all who read these words be just as happy and prosperous and long lived as I wish them all to be. And let this great fact always cheer them: It is impossible for any one to be cheated out of an honorable career unless he cheats himself.



### Andrew Carnegie: The Gospel of Wealth, 1889

Andrew Carnegie, "Wealth," *North American Review*, 148, no. 391 (June 1889): 653, 657-62.

*Andrew Carnegie (1835-1919) was a massively successful business man - his wealth was based on the provision of iron and steel to the railways, but also a man who recalled his radical roots in Scotland before his immigration to the United States. To resolve what might seem to be contradictions between the creation of wealth, which he saw as proceeding from immutable social laws, and social provision he came up with the notion of the "gospel of wealth". He lived up to his word, and gave away his fortune to socially beneficial projects, most famously by funding libraries. His approval of death taxes might surprise modern billionaires!*

The problem of our age is the administration of wealth, so that the ties of brotherhood may still bind together the rich and poor in harmonious relationship. The conditions of human life have not only been changed, but revolutionized, within the past few hundred years. In former days there was little difference between the dwelling, dress, food, and environment of the chief and those of his retainers. . . . The contrast between the palace of the millionaire and the cottage of the laborer with us to day measures the change which has come with civilization.

This change, however, is not to be deplored, but welcomed as highly beneficial. It is well, nay, essential for the progress of the race, that the houses of some should be homes for all that is highest and best in literature and the arts, and for all the refinements of civilization, rather than that none should be so. Much better this, great irregularity than universal squalor. Without wealth there can be no Maecenas [*Note: a rich Roman patron of the arts*]. The "good old times" were not good old times. Neither master nor servant was as well situated then as to day. A relapse to old conditions would be disastrous to both-not the least so to him who serves-and would sweep away civilization with it....

We start, then, with a condition of affairs under which the best interests of the race are promoted, but which inevitably gives wealth to the few. Thus far, accepting conditions as they exist, the situation can be surveyed and pronounced good. The question then arises-and, if the foregoing be correct, it is the only question with which we have to deal-What is the proper mode of administering wealth after the laws upon which civilization is founded have thrown it into the hands of the few? And it is of this great question that I believe I offer the true solution. It will be understood that fortunes are here spoken of, not moderate sums saved by many years of effort, the returns from which are required for the comfortable maintenance and education of families. This is not wealth, but only competence, which it should be the aim of all to acquire.

There are but three modes in which surplus wealth can be disposed of. It can be left to the families of the decedents; or it can be bequeathed for public purposes; or, finally, it can be administered during their lives by its possessors. Under the first and second modes most of the wealth of the world that has reached the few has hitherto been applied. Let us in turn consider each of these modes. The first is the most injudicious. In monarchical countries, the estates and the greatest portion of the wealth are left to the first son, that the vanity of the parent may be gratified by the thought that his name and title are to descend to succeeding generations unimpaired. The condition of this class in Europe to day teaches the futility of such hopes or ambitions. The successors have become impoverished through their follies or from the fall in the value of land.... Why should men leave great fortunes to their children? If this is done from affection, is it not misguided affection? Observation teaches that, generally speaking, it is not well for the

children that they should be so burdened. Neither is it well for the state. Beyond providing for the wife and daughters moderate sources of income, and very moderate allowances indeed, if any, for the sons, men may well hesitate, for it is no longer questionable that great sums bequeathed oftener work more for the injury than for the good of the recipients. Wise men will soon conclude that, for the best interests of the members of their families and of the state, such bequests are an improper use of their means.

As to the second mode, that of leaving wealth at death for public uses, it may be said that this is only a means for the disposal of wealth, provided a man is content to wait until he is dead before it becomes of much good in the world.... The cases are not few in which the real object sought by the testator is not attained, nor are they few in which his real wishes are thwarted....

The growing disposition to tax more and more heavily large estates left at death is a cheering indication of the growth of a salutary change in public opinion.... Of all forms of taxation, this seems the wisest. Men who continue hoarding great sums all their lives, the proper use of which for public ends would work good to the community, should be made to feel that the community, in the form of the state, cannot thus be deprived of its proper share. By taxing estates heavily at death, the state marks its condemnation of the selfish millionaire's unworthy life.

... This policy would work powerfully to induce the rich man to attend to the administration of wealth during his life, which is the end that society should always have in view, as being that by far most fruitful for the people....

There remains, then, only one mode of using great fortunes: but in this way we have the true antidote for the temporary unequal distribution of wealth, the reconciliation of the rich and the poor—a reign of harmony—another ideal, differing, indeed from that of the Communist in requiring only the further evolution of existing conditions, not the total overthrow of our civilization. It is founded upon the present most intense individualism, and the race is prepared to put it in practice by degrees whenever it pleases. Under its sway we shall have an ideal state, in which the surplus wealth of the few will become, in the best sense, the property of the many, because administered for the common good, and this wealth, passing through the hands of the few, can be made a much more potent force for the elevation of our race than if it had been distributed in small sums to the people themselves. Even the poorest can be made to see this, and to agree that great sums gathered by some of their fellow citizens and spent for public purposes, from which the masses reap the principal benefit, are more valuable to them than if scattered among them through the course of many years in trifling amounts.

This, then, is held to be the duty of the man of Wealth: First, to set an example of modest, unostentatious living, shunning display or extravagance; to provide moderately for the legitimate wants of those dependent upon him; and after doing so to consider all surplus revenues which come to him simply as trust funds, which he is called upon to administer, and strictly bound as a matter of duty to administer in the manner which, in his judgment, is best calculated to produce the most beneficial result for the community—the man of wealth thus becoming the sole agent and trustee for his poorer brethren, bringing to their service his superior wisdom, experience, and ability to administer—doing for them better than they would or could do for themselves.

\* According to Carnegie, what is the gospel of wealth?

## Lifestyles At the Turn of the Century

The average American worker's annual wage at the turn of the twentieth century was around \$450. Some earned much more; others, considerably less. For example, in 1900 a cook earned about \$5 a week or \$260 a year. A maid earned less, around \$3.50 a week or \$180 a year.

On the other end of the spectrum were the millionaires. In 1900, approximately one percent of the American population owned over eighty percent of the wealth. For example, Andrew Carnegie earned over \$23,000,000 that year, all of it tax-free, because the federal income tax system did not yet exist. Many millionaires of the time became rich quickly. They actually had to find ways to spend their money. Their spending fell into four major categories:

1. **Town Houses** – Millionaires built and furnished multi-million dollar homes, primarily in New York City.
2. **"Country Houses"** – Many millionaires had country estates in Newport, Rhode Island and on Long Island. William K. Vanderbilt's house in Newport allegedly cost over \$11 million. Another Vanderbilt house (called Idle Hour) had 110 rooms, 45 bathrooms, and a garage that could hold 100 automobiles. J. Pierpont Morgan owned a house in New York City, a country house outside the city, a 1,000-acre estate in New York's Adirondack Mountains, an apartment in a private club on the Georgia coast, a fishing retreat at Newport, a house in London, a country house outside London, hotel suites in Paris and Rome, a yacht for use on the Atlantic and the Mediterranean, and a private Nile steamer to use when he was in Egypt.
3. **Art** – Many millionaires bought both foreign and domestic art objects, such as paintings, tapestries, statues, and fabrics. One family owned two pianos made of gold.
4. **Entertainment** – Lavish parties were common. Below is a description of a dinner for forty held at the Waldorf Astoria Hotel in New York City in 1899:

*His guests found the Myrtle Room transformed into a garden with roses, hyacinths, and tulips in bloom and with hedges of fir. Nightingales, blackbirds, and canaries sang in the greenery. (It had been something of a trick to induce the zoo authorities to loan some nightingales for the affair.) The table was set in an arbor with a vine-covered trellis overhead and with green turf underfoot. The menus were painted in gold on scraped and polished coconuts. . . . And the dinner, which was served on gold plates, went as follows:*

- *Buffet Russe*
- *Cocktails*
- *Small Blue Point Oysters*
- *Lemardelais a la Princesse*
- *Amontillado Pasado*
- *Green Turtle Soup*
- *Bolivar*
- *Basket of Lobster*
- *Columbine of Chicken, California Style*
- *Roast Mountain Sheep, with Puree of Chestnuts (the sheep having been brought to New York by fast express in small portable refrigerators)*
- *Jelly*
- *Brussels Sprouts Saute*
- *New Asparagus, Cream Sauce and Vinaigrette*
- *Mumm's Extra Dry and Moet & Chandon Brut*
- *Diamond Black Terrapin*
- *Ruddy Duck (likewise rushed by express in small refrigerators)*
- *Orange and Grapefruit Salad*
- *Fresh Strawberries*
- *Blue Raspberries*
- *Vanilla Mousse*
- *Bonbons, Coffee Fruit \**

What did this dinner cost the host? In 1899, the bill was \$10,000. Today, the same dinner would cost over \$100,000. Newspapers frequently carried articles about such extravagant spending by American millionaires.

## 19-7 Conspicuous Consumption (1899)

START

Thorstein Veblen

Thorstein Veblen (1857-1929) published *The Theory of the Leisure Class* in 1899. Veblen's thesis centered on the idea of conspicuous consumption. In his view, the purchases and interests of the wealthy were intended to demonstrate their superiority. The theory proved more popular than its author. Something of an iconoclast, Veblen failed to capitalize on the critical success of his work. He held a series of teaching jobs before his death.

Source: Thorstein Veblen, *The Theory of the Leisure Class: An Economic Study of Institutions* (1899; reprint, New York: Modern Library, 1934), 73-75, 140-143.

During the earlier stages of economic development, consumption of goods without stint, especially consumption of the better grades of goods—ideally all consumption in excess of the subsistence minimum,—pertains normally to the leisure class.

The quasi-peaceable gentleman of leisure, then, not only consumes of the staff of life beyond the minimum required for subsistence and physical efficiency, but his consumption also undergoes a specialisation as regards the quality of the goods consumed. He consumes freely and of the best, in food, drink, narcotics, shelter, services, ornaments, apparel, weapons and accoutrements, amusements, amulets, and idols or divinities. In the process of gradual amelioration which takes place in the articles of his con-

sumption, the motive principle and the proximate aim of innovation is no doubt the higher efficiency of the improved and more elaborate products for personal comfort and well-being. But that does not remain the sole purpose of their consumption. The canon of reputability is at hand and seizes upon such innovations as are, according to its standard, fit to survive. Since the consumption of these more excellent goods is an evidence of wealth, it becomes honorific; and conversely, the failure to consume in due quantity and quality becomes a mark of inferiority and demerit.

This growth of punctilious discrimination as to qualitative excellence in eating, drinking, etc., presently affects not only the manner of life, but also the training and intellectual activity of the gentleman of leisure. He is no longer simply the successful, aggressive male,—the man of strength, resource, and intrepidity. In order to avoid stultification he must also cultivate his tastes, for it now becomes incumbent on him to discriminate with some nicety between the noble and the ignoble in consumable goods. He becomes a connoisseur in creditable viands of various degrees of merit, in manly beverages and trinkets, in seemingly apparel and architecture, in weapons, games, dancers, and the narcotics.

underlined  
Define the ~~key~~ words  
below. - look  
them up!

Define Conspicuous  
Consumption

## The Novels of Horatio Alger

A young boy, perhaps an orphan, makes his perilous way through life on the rough streets of the city by selling newspapers or peddling matches. One day, his energy and determination catches the eye of a wealthy man, who gives him a chance to improve himself. Through honesty, charm, hard work, and aggressiveness, the boy rises in the world to become a successful man.

That, in a nutshell, is the story that Horatio Alger presented to his vast public in novel after novel—over 100 of them in all—for over forty years. During his lifetime, according to rough estimates, Americans bought over 100 million copies of his novels. After his death in 1899, his books (and others written in his name) continued to sell at an astonishing rate. Even today, when the books themselves are largely forgotten, the name Horatio Alger has come to represent the idea of individual advancement through (in a phrase Alger coined) “pluck and luck.” *American Dream*

Alger was born in 1832 into a middle-class New England family, attended Harvard, and spent a short time as a Unitarian minister. He himself never experienced the hardships he later chronicled. In the mid-1850s, he turned to writing stories and books, and continued to do so for the rest of his life. His most famous novel, *Ragged Dick*, was published in 1868; but there were many others that were almost identical to it: *Tom, the Bootblack*; *Sink or Swim*; *Jed, the Poorhouse Boy*; *Phil, the Fiddler*; *Andy Grant's Pluck*. Most of his books were aimed at young people, and almost all of them were fables of a young man's rise “from rags to riches.” The purpose of his writing, he claimed, was twofold. He wanted to “exert a salutary influence upon the class of whom [I] was writing, by setting before them inspiring examples of what energy, ambi-



**A NEWSBOY'S STORY** Alger's novels were even more popular after his death in 1899 than they had been in his lifetime. This reprint of one of his many “rags-to-riches” stories—about the rise of a New York newsboy to wealth and success—includes in the background a rendering of the “Met Life Building,” an early skyscraper built in 1909.

tion, and an honest purpose may achieve.” He also wanted to show his largely middle-class readers “the life and experiences of the friendless and vagrant children to be found in all our cities.”

But Alger's intentions probably had little to do with the success of his books. Most Americans of the late nineteenth and early twentieth centuries were attracted to Alger because his stories helped them to believe in one of the most cherished of all their national myths: that it is possible for individuals to rise in the world with willpower and hard work; that anyone can become a “self-made man.” That belief was all the more important in the late nineteenth

century when the rise of large-scale corporate industrialization was making it increasingly difficult for individuals to control their own fates.

Alger placed great emphasis on the moral qualities of his heroes; their success was a reward for their virtue. But many of his readers ignored the moral message and clung simply to the image of sudden and dramatic success. After the author's death, his publishers responded to that yearning by abridging many of Alger's works to eliminate the parts of his stories where the heroes do good deeds. Instead, they emphasized the success of Alger's heroes in rising in the world.

Alger himself had very mixed feelings about the new industrial order he described. His books were meant to reveal not just the opportunities for advancement it sometimes created, but also its cruelty. That was one reason that in almost all his books, his heroes triumphed not just because of their own virtues or efforts, but because of some amazing stroke of luck. To Alger, at least, the modern age did not guarantee success through hard work alone; there had to be some providential assistance as well. Over time, however, Alger's admirers came to ignore his own misgivings about industrialism and to portray his books purely as celebrations of (and justifications for) laissez-faire capitalism and the accumulation of wealth.

An example of the transformation of Alger into a symbol of individual achievement is the Horatio Alger Award, established in 1947 by the American Schools and Colleges Association to honor “living individuals who by their own efforts had pulled themselves up by their bootstraps in the American tradition.” Among its recipients have been Presidents Dwight D. Eisenhower and Ronald Reagan, Evangelist Billy Graham, and Supreme Court Justice Clarence Thomas.

According to the Horatio Alger novels, what makes up the American Dream?

## Labor Strife

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The drive for even greater speed and productivity on railroads and in factories gave the United States the unhappy distinction of having the world's highest rate of industrial accidents. Workmen's compensation was almost unknown; many families were impoverished by workplace accidents that killed or maimed their chief breadwinner. This was one source of a rising tide of labor discontent. Another was the erosion of worker autonomy in factories, where new machinery took over tasks once performed by skilled workers and where managers made decisions about the procedures and pace of operations once made by workers themselves. Many crafts that had once been a source of pride to those who practiced them became just a job that could be performed by anyone. Labor increasingly became a commodity bartered for wages rather than a craft whereby the worker sold the product of his labor rather than the labor itself. For the first time in American history, the census of 1870 reported that a majority of



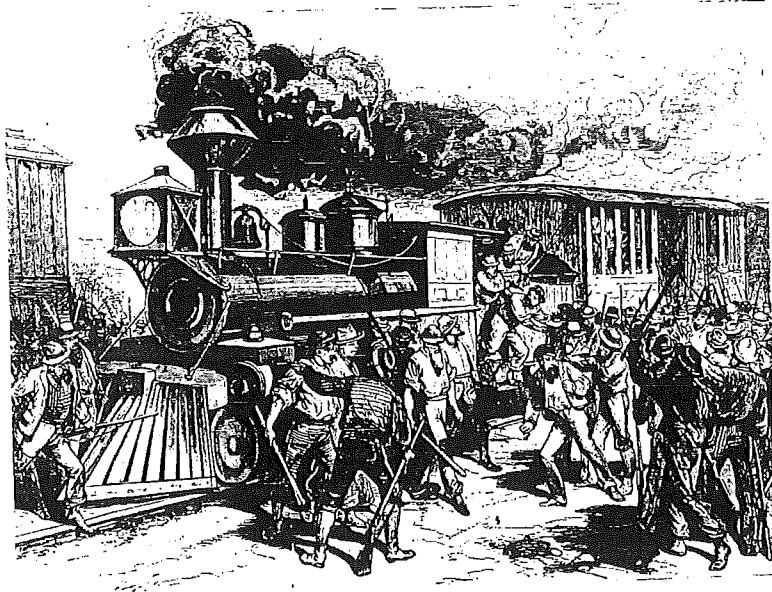
employed persons worked for wages paid by others rather than working for themselves.

Skilled artisans considered this an alarming trend. Their efforts to preserve or recapture independence from bosses and robber barons fueled much of the labor unrest in the 1870s and 1880s. In 1866, the leaders of several craft unions had formed the National Labor Union. Labor parties sprang up in several states; the Labor Reform candidate for governor of Massachusetts in 1870 won 13 percent of the vote. In response to growing labor political activism, several states established bureaus or departments of labor that had little substantive power but that did begin to gather and report data for the first time. These pressures filtered up to Washington, where Congress created the Bureau of Labor in 1884 and elevated it to cabinet rank in 1903. In 1894, Congress also made the first Monday in September an official holiday—Labor Day—to honor working people.

The National Labor Union withered away in the depression of the 1870s, but industrial violence escalated. In the anthracite coal fields of eastern Pennsylvania, the Molly Maguires (an amalgam of a labor union and a secret order of Irish Americans) carried out guerrilla warfare against mine owners. In the later 1870s, the Greenbackers (a group that urged currency expansion to end deflation) and labor reformers formed a coalition that elected several local and state officials plus 14 congressmen in 1878. In 1880, the Greenback-Labor candidate for president won 3 percent of the popular vote.

## The Great Railroad Strike of 1877

Railroads became an early focal point of labor strife. Citing declining revenues during the depression that followed the Panic of 1873, several railroads cut wages by as much as 35 percent between 1874 and 1877 (during that same period, the price index fell only 8 percent). When the Baltimore and Ohio Railroad announced its third 10 percent wage cut on July 16, 1877, workers struck. The strike spread rapidly to other lines. Traffic from St. Louis to the East Coast came to a halt. Ten states called out their militias. Strikers and militia fired on each other, and workers set fire to rolling stock and roundhouses. By the time federal troops gained control in the first week of August, at least 100 strikers, militiamen, and bystanders had been killed, hundreds more had been injured, and uncounted millions of dollars of property had gone up in smoke.



### THE RAILROAD STRIKES OF 1877

This illustration shows striking workers on the Baltimore and Ohio Railroad forcing the engineer and fireman from a train at Martinsburg, West Virginia, on July 17, 1877.

It was the worst labor violence in U.S. history to that time; the specter of class conflict frightened many Americans and generated a desperate view of the future.

## The Knights of Labor

The principal labor organization that emerged in the 1880s was the Knights of Labor. Founded in Philadelphia in 1869, the Knights began as a secret fraternal society. Under the leadership of Terence V. Powderly, a machinist by trade, the Knights abandoned secrecy in 1879 and emerged as a potent national federation of unions—or “assemblies,” as they were officially known. The Knights of Labor departed in several respects from the norm of labor organization at that time. Most of its assemblies were organized by industry rather than by craft, giving many unskilled and semiskilled workers union representation for the first time. Some assemblies admitted women; some also admitted blacks. Despite this inclusiveness, however, tendencies toward exclusivity of craft, gender, and race divided and weakened many assemblies.

A paradox of purpose also plagued the Knights. Most members wanted to improve their lot within the existing system through higher wages, shorter hours, better working conditions—the bread-and-butter goals of working people. This meant collective bargaining with employers; it also meant strikes. The assemblies won some strikes and lost some. Powderly and the Knights’ national leadership discouraged strikes, however, partly out of practicality:

A losing strike often destroyed an assembly, as employers replaced strikes with strikebreakers, or "scabs."

Another reason for Powderly's antistrike stance was philosophical. Strikes constituted a tacit recognition of the legitimacy of the wage system. In Powderly's view, wages siphoned off to capital a part of the wealth created by labor. The Knights, he said, intended "to secure to the workers the full enjoyment of the wealth they create." This was a goal grounded both in the past independence of skilled workers and in a radical vision of the future—a vision in which workers' cooperatives would own the means of production. "There is no reason," said Powderly, "why labor cannot, through cooperation, own and operate mines, factories, and railroads."

The Knights did sponsor several modest workers' cooperatives. Their success was limited, partly from lack of capital and of management experience and partly because even the most skilled craftsmen found it difficult to compete with machines in a mass-production economy. Ironically, the Knights gained their greatest triumphs through strikes. In 1884 and 1885, successful strikes against the Union Pacific and Missouri Pacific railroads won enormous prestige and a rush of new members, which by 1886 totaled 700,000. But defeat in a second strike against the Missouri Pacific in spring 1886 was a serious blow. Then came the Haymarket bombing in Chicago.

## Haymarket

Chicago was a hotbed of labor radicalism. In 1878, the newly formed Socialist Labor Party won 14 percent of the vote in the city, electing five aldermen and four members of the Illinois legislature. With recovery from the depression after 1878, the Socialist Labor Party fell onto lean times. Four-fifths of its members were foreign-born, mostly Germans. Internal squabbles generated several offshoots of the party in the 1880s. One of these embraced anarchism and called for the violent destruction of the capitalist system so that a new socialist order could be built on its ashes. Anarchists infiltrated some trade unions in Chicago and leaped aboard the bandwagon of a national movement centered in that city for a general strike on May 1, 1886, to achieve the eight-hour workday. Chicago police were notoriously hostile to labor organizers and strikers, so the scene was set for a violent confrontation.

The May 1 showdown coincided with a strike at the McCormick farm machinery plant in Chicago. A fight outside the gates on May 3 brought a police attack on the strikers in which four people were killed. Anarchists then organized a protest meeting at Haymarket Square on May 4. Toward the end of the meeting, when the rain-soaked crowd was already dispersing, the police suddenly arrived

in force. When someone threw a bomb into their midst, the police opened fire. When the wild melee was over, 50 people lay wounded and 10 dead, 6 of them policemen.

This affair set off a wave of hysteria against labor radicals. Police in Chicago rounded up hundreds of labor leaders. Eight anarchists (seven of them German-born) went on trial for conspiracy to commit murder, although no evidence turned up to prove that any of them had thrown the bomb. All eight were convicted; seven were sentenced to hang. One of the men committed suicide; the governor commuted the sentences of two others to life imprisonment; the remaining four were hanged on November 11, 1887. The case became a cause célèbre that bitterly divided the country. Many workers, civil libertarians, and middle-class citizens who were troubled by the events branded the verdicts judicial murder, but most Americans applauded the summary repression of un-American radicalism.

The Knights of Labor were caught in this antilabor backlash. Although the Knights had nothing to do with the Haymarket affair and Powderly had repeatedly denounced anarchism, his opposition to the wage system sounded suspiciously like socialism, perhaps even anarchism, to many Americans. Membership in the Knights plummeted from 700,000 in spring 1886 to fewer than 100,000 by 1890.

As the Knights of Labor waned, a new national labor organization waxed. Founded in 1886, the American Federation of Labor (AFL) was a loosely affiliated association of unions organized by trade or craft: cigar-makers, machinists, carpenters, and so on. Under the leadership of Samuel Gompers, an immigrant cigar-maker, the AFL accepted capitalism and the wage system, and worked for better conditions, higher wages, shorter hours, and occupational safety within the system—"pure and simple unionism," as Gompers called it. Most AFL members were skilled workers, and few were women or blacks—a strategy that enabled the AFL to survive and even to prosper in a difficult climate. Its membership grew from 140,000 in 1886 to nearly a million by 1900.

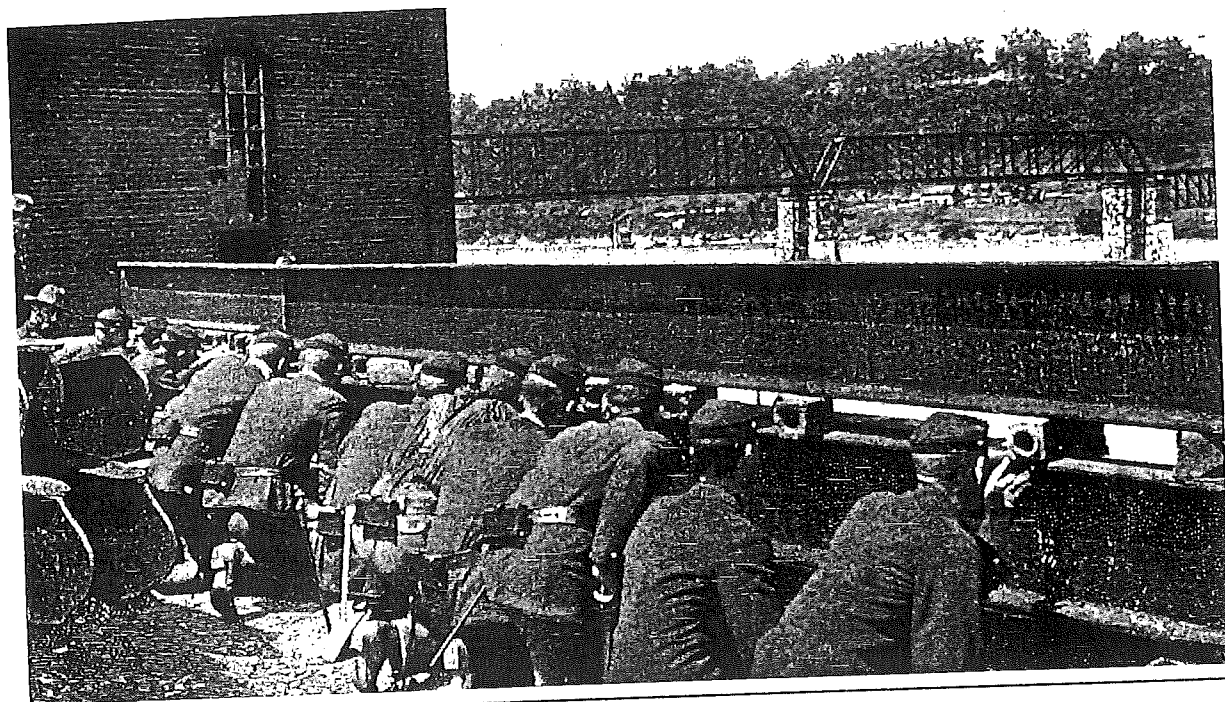
Labor militancy survived Haymarket, however. Two best-selling books helped keep alive the vision of a more equalitarian social order. Although their impact was less powerful than that of *Uncle Tom's Cabin* a generation earlier (see chapter 13), they nevertheless affected the millions who read them.

## The Homestead Strike

The 1890s provided plenty of evidence to feed middle-class fears that America was falling apart. Strikes occurred with a frequency and a fierceness that made 1877 and 1886 look like mere preludes to the main event. The most dramatic confrontation took place in 1892 at the Homestead plant (near Pittsburgh) of the Carnegie Steel Company. Carnegie and his plant manager, Henry Clay Frick, were determined to break the power of the country's strongest union, the Amalgamated Association of Iron, Steel, and Tin Workers. Frick used a dispute over wages and work rules as an opportunity to close the plant (a "lockout"), preparatory to reopening it with nonunion workers. When the union called a strike and refused to leave the plant (a "sitdown"), Frick called in 300 Pinkerton guards to oust them. (The Pinkerton detective agency had evolved since the Civil War era into a private security force that specialized in antiunion activities.) A full-scale gun battle between strikers and Pinkertons erupted on July 6, leaving nine strikers and seven Pinkertons dead and scores wounded. Frick persuaded the governor to send in 8,000 militia to protect the strikebreakers, and the plant reopened. Public sympathy, much of it pro-union at first, shifted when an anarchist tried to murder Frick on July 23. The failed Homestead strike crippled the Amalgamated Association; another strike against U.S. Steel (successor of Carnegie Steel) in 1901 destroyed it.

## The Depression of 1893–1897

By the 1890s, the use of state militias to protect strikebreakers had become common. Events after 1893 brought an escalation of conflict. The most serious economic crisis since the 1873–78 depression was triggered by the Panic of



North Wind Picture Archives.

#### PENNSYLVANIA MILITIA AT CARNEGIE'S HOMESTEAD STEEL MILL, 1892

After the shoot-out between striking workers and Pinkerton guards, the Pennsylvania militia reopened the mills and protected strikebreakers from striking workers. This photograph shows the militia using steel beams manufactured by the mill as a makeshift barricade.

1893, a collapse of the stock market that plunged the economy into a severe four-year depression. Its complex origins included an economic slowdown abroad, which caused British banks to call some of their American loans, thereby draining gold from the United States at a time of political controversy about the American monetary system and nervousness in financial circles. Other causes included declining farm prices and attendant rural unrest and the overly rapid expansion of railroad construction and manufacturing capacity after 1885. The bankruptcy of the Reading Railroad and the National Cordage Company in early 1893 set off a process that by the end of the year had caused 491 banks and 15,000 other businesses to fail. By mid-1894, the unemployment rate had risen to more than 15 percent.

An Ohio reformer named Jacob Coxey conceived the idea of sending Congress a "living petition" of unemployed workers to press for appropriations to put them to work on road building and other public works. "Coxey's army," as the press dubbed it, inspired other groups to hit the road and ride the rails to Washington during 1894. This descent of the unemployed on the capital provoked arrests by federal marshals and troops, and ended in anticlimax when Coxey and others were arrested for trespass-

ing on the Capitol grounds. Coxey's idea for using public works to relieve unemployment turned out to be 40 years ahead of its time.

### The Pullman Strike

Even more alarming to middle-class Americans than Coxey's army was the Pullman strike of 1894. George M. Pullman had made a fortune in the manufacture of sleeping cars and other rolling stock for railroads. Workers in his large factory complex lived in the company town of Pullman just south of Chicago, where they enjoyed paved streets, clean parks, and decent houses rented from the company. But Pullman controlled many aspects of their lives, including banning liquor from the town and punishing workers whose behavior did not suit his ideas of decorum. When the Panic of 1893 caused a sharp drop in orders for Pullman cars, the company laid off one-third of its workforce and cut wages for the rest by 30 percent, but did not reduce company house rents or company store prices. Pullman refused to negotiate with a workers' committee, which called a strike and appealed to the American Railway Union (ARU) for help.



© Bettmann/Corbis

### COXEY'S ARMY ON THE MARCH

Reformer Jacob Coxey organized a group of unemployed workers, who traveled to Washington, D.C., as a "petition in boots" to lobby for a public works program to put them back to work in 1894. They failed on this occasion, but their efforts planted a seed that bore fruit during the Great Depression of the 1930s.

The Railway Union had been founded the year before by Eugene V. Debs. A native of Indiana, Debs had been elected secretary of the Brotherhood of Locomotive Firemen in 1875 at the age of 20. By 1893, he had become convinced that the conservative stance of the various craft unions in railroading (firemen, engineers, brakemen, and so forth) was divisive and contrary to the best interests of labor. He formed the ARU to include all railroad workers in one union. With 150,000 members, the union won a strike against the Great Northern Railroad in spring 1894. When George Pullman refused the ARU's offer to arbitrate the strike of Pullman workers, Debs launched a boycott by which ARU members would refuse to run any trains that included Pullman cars. When the railroads attempted to fire the ARU sympathizers, whole train crews went on strike and quickly paralyzed rail traffic.

Over the protests of Illinois Governor John P. Altgeld, who sympathized with the strikers, President Grover

Cleveland sent in federal troops. That action inflamed violence instead of containing it. The U.S. attorney general (a former railroad lawyer) obtained a federal injunction against Debs under the Sherman Antitrust Act on grounds that the boycott and the strike were a conspiracy in restraint of trade. This creative use of the Sherman Act, whose purpose had been to curb corporations, was upheld by the Supreme Court in 1895 and became a powerful weapon against labor unions in the hands of conservative judges.

For a week in July 1894, the Chicago railroad yards resembled a war zone. Millions of dollars of equipment went up in smoke. Thirty-four people, mostly workers, were killed. Finally, 14,000 state militia and federal troops restored order and broke the strike. Debs went to jail (for violation of the federal injunction) for six months. He emerged from prison a socialist.

To many Americans, 1894 was the worst year of crisis since the Civil War. The Pullman strike was only the most dramatic event of a year in which 750,000 workers went on strike and another 3 million were unemployed. But it was a surge of discontent from down on the farm that wrenched American politics off its foundations in the 1890s.

ment factories, in the mines, long hours, at puny wages. Their families were crowded into city slums.

People rebelled against these conditions. The farmers formed Granges, then the People's Party. Workers went on strike for the eight-hour day. Radicalism grew. Anarchism and socialism took root. Millions of people began to imagine that there might be a different kind of society, a different way of sharing the wealth of the nation, their ideas often put into words by writers like Henry George and Edward Bellamy.

...

Henry George was an itinerant typesetter and newspaper editor who became a skilled lecturer and critic of the economic system. His book *Progress and Poverty* made him famous, and he ran, unsuccessfully, for mayor of New York several times in the 1880s and 1890s. In this address, delivered in an opera house in Burlington, Iowa, George examines the social roots of poverty in the United States in the nineteenth century, challenging the myth of individual blame:

### Henry George, "The Crime of Poverty" (April 1, 1885)

I propose to talk to you tonight of the Crime of Poverty. I cannot, in a short time, hope to convince you of much; but the thing of things I should like to show you is that poverty is a crime. I do not mean that it is a crime to be poor. Murder is a crime; but it is not a crime to be murdered; and a man who is in poverty, I look upon, not as a criminal in himself, so much as the victim of a crime for which others, as well perhaps as himself, are responsible. That poverty is a curse, the bitterest of curses, we all know. [Thomas] Carlyle was right when he said that the hell of which Englishmen are most afraid is the hell of poverty; and this is true, not of Englishmen alone, but of people all over the civilized world, no matter what their nationality. It is to escape this hell that we strive and strain and struggle; and work on oftentimes in blind habit long after the necessity for work is gone.

The curse born of poverty is not confined to the poor alone; it runs through all classes, even to the very rich. They, too, suffer; they must suffer; for there cannot be suffering in a community from which any class can totally escape. The vice, the crime, the ignorance, the meanness born of poverty, poison, so to speak, the very air which rich and poor alike must breathe.

I walked down one of your streets this morning, and I saw three men going along with their hands chained together. I knew for certain that those men were not

rich men; and, although I do not know the offence for which they were carried in chains through your streets, this I think I can safely say, that, if you trace it up you will find it in some way to spring from poverty. Nine tenths of human misery, I think you will find, if you look, to be due to poverty. . . . And it seems to me clear that the great majority of those who suffer from poverty are poor not from their own particular faults, but because of conditions imposed by society at large. Therefore I hold that poverty is a crime—not an individual crime, but a social crime, a crime for which we all, poor as well as rich, are responsible. . . .

I hold, and I think no one who looks at the facts can fail to see, that poverty is utterly unnecessary. It is not by the decree of the Almighty, but it is because of our own injustice, our own selfishness, our own ignorance, that this scourge, worse than any pestilence, ravages our civilization, bringing want and suffering and degradation, destroying souls as well as bodies. Look over the world, in this heyday of nineteenth century civilization. In every civilized country under the sun you will find men and women whose condition is worse than that of the savage: men and women and little children with whom the veriest savage could not afford to exchange. Even in this new city of yours with virgin soil around you, you have had this winter to institute a relief society. Your roads have been filled with tramps, fifteen, I am told, at one time taking shelter in a round-house here. As here, so everywhere; and poverty is deeper where wealth most abounds. . . .

Poverty necessary! Why, think of the enormous powers that are latent in the human brain! Think how invention enables us to do with the power of one man what not long ago could not be done by the power of a thousand. Think that in England alone the steam machinery in operation is said to exert a productive force greater than the physical force of the population of the world, were they all adults. And yet we have only begun to invent and discover. We have not yet utilized all that has already been invented and discovered. And look at the powers of the earth. They have hardly been touched. In every direction as we look new resources seem to open. Man's ability to produce wealth seems almost infinite—we can set no bounds to it. Look at the power that is flowing by your city in the current of the Mississippi that might be set at work for you. So in every direction energy that we might utilize goes to waste; resources that we might draw upon are untouched. . . .

I read in the New York papers a while ago that the girls at the Yonkers factories had struck. The papers said that the girls did not seem to know why they had struck, and intimated that it must be just for the fun of striking. Then came out the girls' side of the story and it appeared that they had struck against the rules in force. They were fined if they spoke to one another, and they were fined still more heavily if they laughed. There was a heavy fine for being a minute late. I visited a lady in Philadelphia who had been a forewoman in various factories, and I asked



her, "Is it possible that such rules are enforced?" She said it was so in Philadelphia. There is a fine for speaking to your next neighbor, a fine for laughing; and she told me that the girls in one place where she was employed were fined ten cents a minute for being late, though many of them had to come for miles in winter storms. She told me of one poor girl who really worked hard one week and made \$3.50; but the fines against her were \$5.25. That seems ridiculous; it is ridiculous; but it is pathetic and it is shameful.

But take the cases of those even who are comparatively independent and well off. Here is a man working hour after hour, day after day, week after week, in doing one thing over and over again, and for what? Just to live! He is working ten hours a day in order that he may sleep eight and may have two or three hours for himself when he is tired out and all his faculties are exhausted. That is not a reasonable life; that is not a life for a being possessed of the powers that are in man, and I think every man must have felt it for himself. I know that when I first went to my trade I thought to myself that it was incredible that a man was created to work all day long just to live. I used to read the *Scientific American*, and as invention after invention was heralded in that paper I used to think to myself that when I became a man it would not be necessary to work so hard. But on the contrary, the struggle for existence has become more and more intense. People who want to prove the contrary get up masses of statistics to show that the condition of the working classes is improving. Improvement that you have to take a statistical microscope to discover does not amount to anything. But there is not improvement. . . .

I say that all this poverty and the ignorance that flows from it is unnecessary; I say that there is no natural reason why we should not all be rich, in the sense, not of having more than each other, but in the sense of all having enough to completely satisfy all physical wants; of all having enough to get such an easy living that we could develop the better part of humanity. . . . There is enough and to spare. The trouble is that, in this mad struggle, we trample in the mire what has been provided in sufficiency for us all; trample it in the mire while we tear and rend each other.

There is a cause for this poverty; and, if you trace it down, you will find its root in a primary injustice. Look over the world today—poverty everywhere. The cause must be a common one. You cannot attribute it to the tariff, or to the form of government, or to this thing or to that in which nations differ; because, as deep poverty is common to them all the cause that produces it must be a common cause. What is that common cause? There is one sufficient cause that is common to all nations; and that is the appropriation as the property of some of that natural element on which and from which all must live. . . .

Did you ever think of the utter absurdity and strangeness of the fact that, all over the civilized world, the working classes are the poor classes? Go into any city

in the world, and get into a cab and ask the man to drive you where the working people live. He won't take you to where the fine houses are. He will take you, on the contrary, into the squalid quarters, the poorer quarters. Did you ever think how curious that is? Think for a moment how it would strike a rational being who had never been on the earth before, if such an intelligence could come down, and you were to explain to him how we live on earth, how houses and food and clothing, and all the many things we need were all produced by work, would he not think that the working people would be the people who lived in the finest houses and had most of everything that work produces? Yet, whether you took him to London or Paris or New York, or even to Burlington, he would find that those called the working people were the people who live in the poorest houses.

. . .

On the evening of May 4, 1886, a meeting was called for Haymarket Square in Chicago to protest the killing of four strikers at the McCormick Harvester Works the day before. It was a peaceful meeting, and had dwindled from several thousand to a few hundred when a detachment of 180 policemen asked the crowd to disperse. The speaker said that the meeting was almost over and then a bomb exploded in the midst of the police, wounding sixty-six policemen, of whom seven later died. The police fired into the crowd, killing several people, wounding two hundred. Although there was no evidence of who threw the bomb, eight Chicago anarchists were arrested, tried, and sentenced to death. This became known worldwide as the Haymarket Affair. Four of the eight were executed, among them August Spies, who here addresses the court in his own defense. Just before his execution Spies said: "There will be a time when our silence will be more powerful than the voices you strangle today."

## August Spies, "Address of August Spies" (October 7, 1886)<sup>2</sup>

Your Honor: In addressing this court I speak as the representative of one class to the representative of another. I will begin with the words uttered five hundred years ago on a similar occasion, by the Venetian Doge Faleri, who addressing the court, said: "MY DEFENSE IS YOUR ACCUSATION." "The causes of my alleged crime your history!" I have been indicted on the charge of murder, as an accomplice or accessory. Upon this indictment I have been convicted. There was no evidence produced by the State to show or even indicate that I had any knowledge of the man who threw the bomb, or that I myself had anything to do with the



## 19-2 A Visitor in Chicago (1892)

Giuseppe Giacosa

Rudyard Kipling said of Chicago, "Having seen it, I urgently desire never to see it again. It is inhabited by savages." Kipling might have added that the residents were smoke-eating savages, at that. Coal, used for residential heating and industrial power, led to what now would be recognized as a serious air pollution problem. Giuseppe Giacosa (1847-1906) encountered that problem during a visit from Italy in 1892.

Source: Giuseppe Giacosa, "Chicago and Her Italian Colony," *Nuova Antologia* (March 1893), 16-28, trans. L. B. Davis, in Bessie Louise Pierce, ed., *As Others See Chicago: Impressions of Visitors, 1673-1933*, 276-278. Copyright © 1933 by the University of Chicago Press. Reprinted by permission.

I had two different impressions of Chicago, one sensual and immediate, which comes from seeing persons and things. The other, intellectual and gradual, born from intelligence, induction and comparisons. To the eye, the city appears abominable. . . . I would not want to live there for anything in the world. I think that whoever ignores it is not entirely acquainted with our century and of what is its ultimate expression.

During my stay of one week, I did not see in Chicago anything but darkness: smoke, clouds, dirt and an extraordinary number of sad and grieved persons. Certain remote quarters are the exception, in which there breathes from little houses and tiny gardens a tranquil air of rustic habitation where a curious architecture with diverting and immature whims makes a pleasant appearance, where the houses seem to be toys for the use of the hilarious

who live there in complete repose, eating candy, swinging in their faithful little rocking chairs, and contemplating oleographs.<sup>1</sup>

But with the exception of these rare cases, the rich metropolis gave me a sense of oppression so grave that I still doubt whether, beyond their factories, there exist celestial spaces. Was it a storm-cloud? I cannot say, because the covered sky spreads a light equal and diffused, which makes no shade; while here, depending on the time of day, a few thick shadows line the houses. And I can not even say that a ghost of the sun shines, because the appearance of things close up makes me always uncertain and confused. I am inclined to believe that that spacious plain, ca-

<sup>1</sup>An oleograph is a chromolithograph printed with oil paint on canvas in imitation of an oil painting.

*an lair* in colour, which stretches along the edge of the city, which appears to the eye three hundred paces wide, and which disappears in gray space, might be the lake; but I could not press close to it with security. Certainly the ships plow through a dense atmosphere rather than a watery plain.

I recall one morning when I happened to be on a high railroad viaduct. From it the city seemed to smolder a vast unyielding conflagration, so much was it wrapped in smoke. . . . Perhaps, in Chicago, I was influenced by bad weather, by which incentive I do not affirm how things may be, but that I saw them thus, and hence was born the ill-tempered, pouting expression which I read on almost every face. It made me feel, in noting it, how I interpose in such a crowd; a few might show a little courtesy, I do not mean with hats off, but by a nod or glance of recognition. They all were running about desperately. In New York there are more people than in Chicago, and none idle; nevertheless I observe on their streets our same quick friendliness. Here, it seems to me, all might be lost, as I, without company in the formidable tumult. Or if two persons should discourse together, their speech would be in a whining tone, low and nasal, without the least variance of accent. . . . They say that all Americans have nasal voices. That does not seem to me true of New Yorkers, or only slightly; but it could be said of Chicagoans that their voices come out of their nostrils, and that articulation is made in the pharynx. It is a positive fact that a great many noses in Chicago are in a continuous pathological condition. I have seen in many shop windows certain apparatus for covering the nose, a kind of nasal protector, or false nostrils—but

without intent to deceive. I did not see any in operation, however; October, as it seems, still yields to the most delicate the use of the natural nose, but the kingdom of the artificial must be nearby, and I cannot forgive myself for having missed seeing it.

Furthermore, the mass of factories is overpowering without being imposing. That immense building, the Auditorium, where there is a hotel for more than 1,000 guests, an abundance of seats and writing desks of every kind, a conservatory of music, and on the sixth or seventh floor, I don't recall which, a theatre seating 8,000 persons; is this not marvelous to think upon? Its vastness lacks ostentation; it is a vastness of the whole; ostentation means a coordination of parts. All the immense factories of Chicago have low, squatty doors and suffocating stories which the menacing building crushes ridiculously. The two floors of the Tolomei Palace at Siena would be, in Chicago, divided into eight compartments. Certain important houses of twenty stories do not measure one and half voltas, the height of the Stozzi Palace. Surely they take care to mask the frequency of compartments by means of openings which reach from the first floor to the fourth, but to see this from the street, in the height of a single window, three men seated at three writing desks, people and furniture almost suspended in the air, and leaning against a transparent wall, gives one a feeling of irritating unrest. . . .

The dominant characteristic of the exterior life of Chicago is violence. Everything leads you to extreme expressions: dimensions, movements, noises, rumors, window displays, spectacles, ostentation, misery, activity, and alcoholic degradation.

### Questions

1. Giacosa, familiar with historic Italian cities, might have had set notions about what a city should be. Does he betray any prejudices in describing Chicago?
2. What sources of pollution do you imagine Giacosa encountered?
3. Why might many Americans of the period have celebrated the smokiness of their cities?

### Questions for Further Thought

1. Why have Americans tended to view cities from the perspective of Giuseppe Giacosa (Document 19-2) and not that of Frederic Howe (Document 19-1)?
2. Using Giacosa as an example, discuss the advantages and problems facing a historian who uses eyewitness accounts.
3. Technology allowed city dwellers to build skyscrapers, design reliable mass-transit systems, and safeguard water supplies. In light of those successes, how do you explain the persistence of problems like inadequate education and housing?

answer on  
separate  
sheet

I: View from the top: how do Captains of Industry live?

- 
- 
- 
- 
- 
- 

Define: Conspicuous Consumption

1. How does Conspicuous Consumption help us to understand why the Captains of Industry lived the way they did?

2. Individualism or Collectivism? (circle one and explain below)

## II: View from the Bottom

Let us examine how people lived at the bottom of this hierarchy. Complete a SIGHT analysis with a partner based on the images that are passed out.

Characteristics of Life at the bottom:

- 
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- 

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- 

III: Justifications: How do the wealthy justify their actions and lifestyles in the face of such inequality?

- 
- 
- 
- 
- 
- 
-

Name \_\_\_\_\_

**Discussion Questions: Day 1**

- To what extent did workers have rights in an emerging capitalist system?
- What hindered the effectiveness of unions in the Gilded Age?

*Feedback:*

√- = needs improvement

√ = proficient

√+ = exemplary

**During a discussion, you should be:**

- **Listening to your classmates**
  - giving positive reinforcement (nodding, helping out)
  - taking notes
  - making eye contact
- **Adding new information**
  - Ways to do this:
    - Look at your annolighting/hw notes to come up with ideas that are new for the group
    - Look at your reader and notes to bring in new information
- **Using specific, relevant and accurate evidence**
  - Cite your source (with the pg number or author if possible)
  - Using specific evidence including quotations or paraphrasing of the source
- **Transitioning effectively from previous comments**
  - Use qualifiers (adding onto Ms. Katz's point, I disagree with Ms. Katz and instead believe...)
  - Offer evidence that directly supports or counters previous evidence (the evidence about \_\_\_\_\_ is also supported on pg \_\_\_\_\_ when the author says)
- **Take risks**
  - Adding a risky idea that is controversial can inspire a great discussion
  - Do not be afraid to disagree with a comment or offer a counter opinion if the group
  - Add your own opinion or information that you know on your own/have learned in class
- **Answer the question/prompt: This is the analysis**
  - Help *guide* your group toward coming to a resolution that answers the question.
  - *Resolve* disagreements rather than just the idea to "agree to disagree"
  - *Analyze* evidence presented to answer the question/prompt

Name:

Date:

## When Should The Government Get Involved?

*Directions: For each of the following situations write yes if you feel the government should get involved or no if you feel it should not get involved.*

- \_\_\_\_\_ 1. A company has forced all its competitors out of business by secret deals and now has raised prices.
  - \_\_\_\_\_ 2. Evidence suggests that meat-packing companies are selling rotten meat to the public.
  - \_\_\_\_\_ 3. A white man refuses to rent an apartment in his home to a black man.
  - \_\_\_\_\_ 4. A company has achieved a monopoly on its product by underselling all its competitors. It is a very efficient, well-run business.
  - \_\_\_\_\_ 5. Lumber companies are wasting forests that have taken centuries to grow.
  - \_\_\_\_\_ 6. Four railroads in an area have combined into one large railroad, leaving the people there at the mercy of the new monopoly.
  - \_\_\_\_\_ 7. A company refuses to hire anyone unless the person promises not to join a union.
  - \_\_\_\_\_ 8. Evidence suggests that a company does not take precautions to protect its workers. Several workers have been hurt, but the company will not pay benefits to the families.
  - \_\_\_\_\_ 9. Some companies hire mostly children and pay them very low wages.
  - \_\_\_\_\_ 10. Renters charge that their landlord is not making needed repairs in their apartments, which is endangering the renters' health.
- Write agree or disagree next to each statement.*
- \_\_\_\_\_ 11. People who inherit money don't deserve to keep it all. They should pay an inheritance tax.
  - \_\_\_\_\_ 12. Rich people should be taxed at a higher rate than poor people.

*the previous page*

Using ~~the next~~ <sup>the next</sup> pg, fill in the reasons why you think the gov't should or should not get involved for each of the #'s (1-12)

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.
- 10.
- 11.
- 12.

Write down 6 ways that the Populists want the government to get involved: Then, write down why you think that is a valid reason or not for the government to intervene.

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.

Based on what is happening in the 1890s, would you agree that the government **MUST** get involved? Why or why not?

struggles of the two great political parties for power and plunder, while grievous wrongs have been inflicted upon the suffering people. We charge that the controlling influences dominating both these parties have permitted the existing dreadful conditions to develop without serious effort to prevent or restrain them.

Neither do they now promise us any substantial reform. They have agreed together to ignore, in the coming campaign, every issue but one. They propose to drown the outcries of a plundered people with the uproar of a sham-battle over the tariff, so that capitalists, corporations, national banks, trusts, watered stock, the demonetization of silver, and the oppressions of the usurers may all be lost sight of. They propose to sacrifice our homes, lives and children on the altar of mammon; to destroy the multitude in order to secure corruption funds from the millionaires. Assembled on the anniversary of the birthday of the nation and filled with the spirit of the grand general chief, who established our independence, we seek to restore the government of the republic to the hands of "the plain people" with whose class it originated. We assert our purposes to be identical with the purposes of the national Constitution, to form a more perfect union and establish justice, insure domestic tranquility, provide for the common defense, promote the general welfare, and secure the blessings of liberty for ourselves and our posterity.

We declare that this republic can only endure as a free government while built upon the love of the whole people for each other and for the nation; that it cannot be pinned together by bayonets; that the civil war is over and that every passion and resentment which grew out of it must die with it, and that we must be, in fact, as we are in name, one united brotherhood of freedmen.

\* What problems are identified in this platform?

## START

The Populist Party held its first convention in Omaha, Nebraska, in July 1892, and passed the so-called Omaha Platform, initially drafted by Minnesota politician Ignatius Donnelly. Here is an excerpt.

### The Omaha Platform of the People's Party of America (July 4, 1892)

The conditions which surround us best justify our cooperation: we meet in the midst of a nation brought to the verge of moral, political, and material ruin. Corruption dominates the ballot-box, the legislatures, the Congress, and touches even the ermine of the bench. The people are demoralized; most of the States have been compelled to isolate the voters at the polling places to prevent universal intimidation or bribery. The newspapers are largely subsidized or muzzled, public opinion silenced, business prostrated, our homes covered with mortgages, labor impoverished, and the land concentrating in the hands of the capitalists. The urban-workmen are denied the right of organization for self protection. Importation of pauperized labor bears down their wages; a hireling standing army, recognized by our laws, is established to shoot them down, and they are rapidly degenerating into European conditions. The fruits of the toil of millions are boldly stolen to build up colossal fortunes for a few unprecedented in the history of mankind, and the possessors of these, in turn, despise the republic and endanger liberty. From the same prolific womb of governmental injustice we breed the two great classes—tramps and millionaires.

The national power to create money is appropriated to enrich bondholders; a vast public debt payable in legal tender currency has been funded into gold bearing bonds, thereby adding millions to the burdens of the people.

Silver, which has been accepted as coin since the dawn of history, has been demonetized to add to the purchasing power of gold by decreasing the value of all forms of property as well as human labor, and the supply of currency is purposely abridged to fatten usurers, bankrupt enterprise, and enslave industry. A vast conspiracy against mankind has been organized on two continents, and it is rapidly taking possession of the world. If not met and overthrown at once it forebodes terrible social convulsions, the destruction of civilization, or the establishment of an absolute despotism. We have witnessed for more than a quarter of a century, the

## 18-10 People's (Populist) Party National Platform (1892)

\* Annotate  
any ways  
that the  
Populists want  
the gov't to  
get involved or  
not get involved.

Responding to the worsening economic situation and building on earlier organizational and political experience (the Patrons of Husbandry or Grange, the farmers' alliances), agrarians and other protesters, already active on the state level, formed a national party, framed a national platform, and ran a national ticket in 1892 (see text pp. 535-537, 585-594, and Map 18-1, text p. 587).

As the text notes (pp. 587-588), women played roles in the farmers' alliances and in the Populist Party that were closed to them in the two major parties. Mary Elizabeth Lease was one such woman, Luna Kellie another. Kellie served as secretary of the Nebraska Alliance and edited and wrote for an Alliance newspaper there. Kellie's "Personal Memoir" (Document 16-7) contains political observations within its personal reminiscences.

Source: Donald Bruce Johnson, comp., *National Party Platforms*, rev. ed., 2 vols. (Urbana: University of Illinois Press, 1978), vol. 1, 1840-1956, 89-91.

Assembled upon the 116th anniversary of the Declaration of Independence, the People's Party of America in their first national convention, invoking upon their action the blessing of Almighty God, put forth in the name and on behalf of the people of this country, the following preamble and declaration of principles:

## PREAMBLE

The conditions which surround us best justify our co-operation; we meet in the midst of a nation brought to the verge of moral, political, and material ruin. Corruption dominates the ballot-box, the Legislatures, the Congress, and touches even the ermine of the bench. The people are demoralized; most of the States have been compelled to isolate the voters at the polling places to prevent universal intimidation and bribery. The newspapers are largely subsidized or muzzled, public opinion silenced, business prostrated, homes covered with mortgages, labor impoverished, and the land concentrating in the hands of capitalists. The urban workmen are denied the right to organize for self-protection; imported pauperized labor beats down their wages, a hireling standing army, unrecognized by our laws, is established to shoot them down, and they are rapidly degenerating into European conditions. The fruits of the toil of millions are boldly stolen to build up colossal fortunes for a few, unprecedented in the history of mankind; and the possessors of these, in turn despise the Republic and endanger liberty. From the same prolific womb of governmental injustice we breed the two great classes—tramps and millionaires.

The national power to create money is appropriated to enrich bond-holders; a vast public debt payable in legal tender currency has been funded into gold-bearing bonds, thereby adding millions to the burdens of the people.

Silver, which has been accepted as coin since the dawn of history, has been demonetized to add to the purchasing power of gold by decreasing the value of all forms of property as well as human labor, and the supply of currency is purposely abridged to fatten usurers, bankrupt enterprise, and enslave industry. A vast conspiracy against mankind has been organized on two continents, and it is rapidly taking possession of the world. If not met and overthrown at once, it forebodes terrible social convulsions, the destruction of civilization, or the establishment of an absolute despotism.

We have witnessed for more than a quarter of a century the struggles of the two great political parties for power and plunder, while grievous wrongs have been inflicted upon the suffering people. We charge that the controlling influence dominating both these parties have permitted the existing dreadful conditions to develop without serious effort to prevent or restrain them. Neither do they now promise us any substantial reform. They have agreed together to ignore, in the coming campaign, every issue but one. They propose to drown the outcries of a plundered people with the uproar of a sham battle over the tariff, so that capitalists, corporations, national banks, rings, trusts, watered stock, the demonetization of silver and the oppressions of the usurers may all be lost sight of. They propose to sacrifice our homes, lives, and children on the altar of mammon; to destroy the multitude in order to secure corruption funds from the millionaires.

Assembled on the anniversary of the birthday of the nation, and filled with the spirit of the grand general and chief who established our independence, we seek to restore the government of the Republic to the hands of "the plain people," with which class it originated. We assert our purposes to be identical with the purposes of the National



Constitution, to form a more perfect union and establish justice, insure domestic tranquillity, provide for the common defense, promote the general welfare, and secure the blessings of liberty for ourselves and our posterity.

We declare that this Republic can only endure as a free government while built upon the love of the whole people for each other and for the nation; that it cannot be pinned together by bayonets; that the civil war is over and that every passion and resentment which grew out of it must die with it, and that we must be in fact, as we are in name, one united brotherhood of freemen.

Our country finds itself confronted by conditions for which there is no precedent in the history of the world; our annual agricultural productions amount to billions of dollars in value, which must, within a few weeks or months be exchanged for billions of dollars' worth of commodities consumed in their production; the existing currency supply is wholly inadequate to make this exchange; the results are falling prices, the formation of combines and rings, the impoverishment of the producing class. We pledge ourselves that, if given power, we will labor to correct these evils by wise and reasonable legislation, in accordance with the terms of our platform.

We believe that the power of government—in other words, of the people—should be expanded (as in the case of the postal service) as rapidly and as far as the good sense of an intelligent people and the teachings of experience shall justify, to the end that oppression, injustice and poverty, shall eventually cease in the land.

While our sympathies as a party of reform are naturally upon the side of every proposition which will tend to make men intelligent, virtuous and temperate, we nevertheless regard these questions, important as they are, as secondary to the great issues now pressing for solution, and upon which not only our individual prosperity, but the very existence of free institutions depend; and we ask all men to first help us to determine whether we are to have a republic to administer, before we differ as to the conditions upon which it is to be administered, believing that the forces of reform this day organized will never cease to move forward, until every wrong is remedied, and equal rights and equal privileges securely established for all the men and women of this country.

#### PLATFORM

We declare, therefore,

*First*—That the union of the labor forces of the United States this day consummated shall be permanent and perpetual; may its spirit enter into all hearts for the salvation of the Republic and the uplifting of mankind.

*Second*—Wealth belongs to him who creates it, and

every dollar taken from industry without an equivalent is robbery. "If any will not work, neither shall he eat." The interests of rural and civic labor are the same; their enemies are identical.

*Third*—We believe that the time has come when the railroad corporations will either own the people or the people must own the railroads, and should the government enter upon the work of owning and managing all railroads, we should favor an amendment to the Constitution by which all persons engaged in the government service shall be placed under a civil service regulation of the most rigid character, so as to prevent the increase of the power of the national administration by the use of such additional government employees.

*Finance*—We demand a national currency, safe, sound, and flexible, issued by the general government only, a full legal tender for all debts, public and private, and that without the use of banking corporations, a just, equitable and efficient means of distribution direct to the people, at a tax not to exceed 2 per cent per annum, to be provided as set forth by the sub-treasury plan of the Farmers' Alliance, or a better system; also by payments in discharge of its obligations for public improvements.

1. We demand free and unlimited coinage of silver and gold at the present legal ratio of 16 to 1.

2. We demand that the amount of circulating medium be speedily increased to not less than \$50 per capita.

3. We demand a graduated income tax.

4. We believe that the money of the country should be kept as much as possible in the hands of the people, and hence we demand that all State and national revenues shall be limited to the necessary expenses of the government, economically and honestly administered.

5. We demand that postal savings banks be established by the government for the safe deposit of the earnings of the people and to facilitate exchange.

*Transportation*—Transportation being a means of exchange and a public necessity, the government should own and operate the railroads in the interest of the people. The telegraph and telephone, like the post office system, being a necessity for the transmission of news, should be owned and operated by the government in the interest of the people.

*Land*—The land, including all the natural sources of wealth, is the heritage of the people, and should not be monopolized for speculative purposes, and alien ownership of land should be prohibited. All land now held by railroads and other corporations in excess of their actual needs, and all lands now owned by aliens, should be reclaimed by the government and held for actual settlers only.

## *The Jungle* by Upton Sinclair

When Upton Sinclair published *The Jungle* in 1906, he meant to open America's eyes to the plight of workers in the filthy, dangerous Chicago stockyards. Instead, popular outrage focused on the wider-reaching threat of spoiled meat. Congress quickly passed the nation's first legislation regulating the meat, food, and drug industries. Sinclair, disappointed by his failure to provoke more sympathy for the overworked, underpaid workers, noted "I aimed at the public's heart, and by accident I hit it in the stomach."

There was never the least attention paid to what was cut up for sausage. . . . There would be meat that had tumbled out on the floor, in the dirt and sawdust, where the workers had tramped and spit uncounted billions of consumption [tuberculosis] germs. There would be meat stored in great piles in rooms; and the water from leaky roofs would drip over it, and thousands of rats would race about on it. It was too dark in these storage places to see well, but a man could run his hand over these piles of meat and sweep off handfuls of the dried dung of rats. These rats were nuisances, and the packers would put poisoned bread out for them; they would die, and then rats, bread, and meat would go into the hoppers together. This is no fairy story and no joke; the meat would be shoveled into carts, and the man who did the shoveling would not trouble to lift out a rat even when he saw one—there were things that went into the sausage in comparison with which a poisoned rat was a tidbit. There was no place for the men to wash their hands before they ate their dinner, and so they made a practice of washing them in the water that was to be ladled into the sausage. There were the butt-ends of smoked meat, and the scraps of corned beef, and all the odds and ends of the waste of the plants, that would be dumped into old barrels in the cellar and left there. Under the system of rigid economy which the packers enforced, there were some jobs that it only paid to do once in a long time, and among these was the cleaning out of the waste barrels. Every spring they did it; and in the barrels would be dirt and rust and old nails and stale water—and cartload after cartload of it would be taken up and dumped into the hoppers with fresh meat, and sent out to the public's breakfast.

### Thinking Critically

1. **Analyze Literature** Describe the author's style in this excerpt.
2. **Evaluate Literature** How does Sinclair's way of writing boost his credibility?

which will permit them to retain their own sense of dignity, to treat their children aright, and to take their part in the life of the community as good citizens.

Exactly as each of us in his private life must stand up for his own rights and yet must respect the rights of others and acknowledge in practical fashion that he is indeed his brother's keeper, so all of us taken collectively, the people as a whole, must feel our obligation to work by governmental action, and in all other ways possible, to make the conditions better for those who are unfairly pressed down in the fierce competition of modern industrial life.

I ask justice for those who in actual life meet with most injustice—and I ask this not only for their sakes but for our own sakes, for the sake of the children and the children's children who are to come after us.

The children of all of us will pay in the future if we do not do justice in the present.

This country will not be a good place for any of us to

live in if we do not strive with zeal and efficiency to make it a reasonably good place for all of us to live in.

Nor can our object be obtained save through the genuine control of the people themselves. The people must rule or gradually they will lose all power of being good citizens. The people must control their own destinies or the power of such control will atrophy.

Our cause is the cause of the plain people. It is the cause of social and industrial justice to be achieved by the plain people through the resolute and conscientious use of all the machinery, public and private, State and National, governmental and individual, which is at their command.

This is a great fight in which we are engaged, for it is a fight for human rights, and we who are making it are really making it for every good citizen of this Republic, no matter to what party he may belong.

### Questions

1. By Roosevelt's standards, what constitutes a moral rich man?
2. Why does Roosevelt invoke Abraham Lincoln in this speech?
3. How does Roosevelt define social justice?

## 20-10 The Progressive Party Platform of 1912

There was nothing ordinary about the Progressive Party's presidential convention, held in Chicago in August 1912. The delegates sang "Onward Christian Soldiers" from the convention floor, Jane Addams seconded the nomination of the candidate, and Theodore Roosevelt delivered an acceptance speech titled "A Confession of Faith." The party platform was no less remarkable, as it blended Roosevelt's view of the future with a deeply ingrained religious passion.

Source: Kirk H. Porter and Donald Bruce Johnson, comps., *National Party Platforms, 1840-1964* (Urbana: University of Illinois Press, 1966), 175-178.

The conscience of the people, in a time of grave national problems, has called into being a new party, born of the nation's sense of justice. We of the Progressive party here dedicate ourselves to the fulfillment of the duty laid upon us by our fathers to maintain the government of the people, by the people and for the people whose foundations they laid.

We hold with Thomas Jefferson and Abraham Lincoln that the people are the masters of their Constitution, to fulfill its purposes and to safeguard it from those who, by perversion of its intent, would convert it into an instrument of injustice. In accordance with the needs of each generation the people must use their sovereign powers to

establish and maintain equal opportunity and industrial justice, to secure which this Government was founded and without which no republic can endure.

This country belongs to the people who inhabit it. Its resources, its business, its institutions and its laws should be utilized, maintained or altered in whatever manner will best promote the general interest.

It is time to set the public welfare in the first place.

### THE OLD PARTIES

Political parties exist to secure responsible government and to execute the will of the people.

From these great tasks both of the old parties have turned aside. Instead of instruments to promote the general welfare, they have become the tools of corrupt interests which use them impartially to serve their selfish purposes. Behind the ostensible government sits enthroned an invisible government owing no allegiance and acknowledging no responsibility to the people.

To destroy this invisible government, to dissolve the unholy alliance between corrupt business and corrupt politics is the first task of the statesmanship of the day.

The deliberate betrayal of its trust by the Republican party, the fatal incapacity of the Democratic party to deal with the new issues of the new time, have compelled the people to forge a new instrument of government through which to give effect to their will in laws and institutions.

Unhampered by tradition, uncorrupted by power, undismayed by the magnitude of the task, the new party offers itself as the instrument of the people to sweep away old abuses, to build a new and nobler commonwealth.

#### A COVENANT WITH THE PEOPLE

This declaration is our covenant with the people, and we hereby bind the party and its candidates in State and Nation to the pledges made herein.

#### THE RULE OF THE PEOPLE

The National Progressive party, committed to the principles of government by a self-controlled democracy expressing its will through representatives of the people, pledges itself to secure such alterations in the fundamental law of the several States and the United States as shall insure the representative character of the government.

In particular, the party declares for direct primaries for the nomination of State and National officers, for nationwide preferential primaries for candidates for the presidency; for the direct election of United States Senators by the people; and we urge on the States the policy of the short ballot, with responsibility to the people secured by the initiative, referendum and recall.

#### AMENDMENT OF CONSTITUTION

The Progressive party, believing that a free people should have the power from time to time to amend their fundamental law so as to adapt it progressively to the changing needs of the people, pledges itself to provide a more easy and expeditious method of amending the Federal Constitution.

#### NATION AND STATE

Up to the limit of the Constitution, and later by amendment of the Constitution, if found necessary, we advocate bringing under effective national jurisdiction those problems which have expanded beyond reach of the individual States.

It is as grotesque as it is intolerable that the several States should by unequal laws in matter of common concern become competing commercial agencies, barter the lives of their children, the health of their women and the safety and well being of their working people for the benefit of their financial interests.

The extreme insistence on States' rights by the Democratic party in the Baltimore platform demonstrates anew its inability to understand the world into which it has survived or to administer the affairs of a union of States which have in all essential respects become one people.

#### EQUAL SUFFRAGE

The Progressive party, believing that no people can justly claim to be a true democracy which denies political rights on account of sex, pledges itself to the task of securing equal suffrage to men and women alike.

#### CORRUPT PRACTICES

We pledge our party to legislation that will compel strict limitation of all campaign contributions and expenditures, and detailed publicity of both before as well as after primaries and elections.

#### PUBLICITY AND PUBLIC SERVICE

We pledge our party to legislation compelling the registration of lobbyists; publicity of committee hearings except on foreign affairs, and recording of all votes in committee; and forbidding federal appointees from holding office in State or National political organizations, or taking part as officers or delegates in political conventions for the nomination of elective State or National officials.

#### THE COURTS

The Progressive party demands such restriction of the power of the courts as shall leave to the people the ultimate authority to determine fundamental questions of social welfare and public policy. To secure this end, it pledges itself to provide:

1. That when an Act, passed under the police power of the State, is held unconstitutional under the State Constitution, by the courts, the people, after an ample interval for deliberation, shall have an opportunity to vote on the question whether they desire the Act to become law, notwithstanding such decision.

2. That every decision of the highest appellate court of a State declaring an Act of the Legislature unconstitutional on the ground of its violation of the Federal Constitution shall be subject to the same review by the Supreme Court of the United States as is now accorded to decisions sustaining such legislation.

## ADMINISTRATION OF JUSTICE

The Progressive party; in order to secure to the people a better administration of justice and by that means to bring about a more general respect for the law and the courts, pledges itself to work unceasingly for the reform of legal procedures and judicial methods.

We believe that the issuance of injunctions in cases arising out of labor disputes should be prohibited when such injunctions would not apply when no labor disputes existed.

We also believe that a person cited for contempt in labor disputes, except when such contempt was committed in the actual presence of the court or so near thereto as to interfere with the proper administration of justice, should have a right to trial by jury.

## SOCIAL AND INDUSTRIAL JUSTICE

The supreme duty of the Nation is the conservation of human resources through an enlightened measure of social and industrial justice. We pledge ourselves to work unceasingly in State and Nation for:

Effective legislation looking to the prevention of industrial accidents, occupational diseases, overwork, involuntary unemployment, and other injurious effects incident to modern industry;

The fixing of minimum safety and health standards for the various occupations, and the exercise of the public authority of State and Nation, including the Federal Commerce power over interstate commerce, and the taxing power, to maintain such standards;

The prohibition of child labor;

Minimum wage standards for working women, to provide a "living wage" in all industrial occupations;

The general prohibition of night work for women and the establishment of an eight hour day for women and young persons;

One day's rest in seven for all wage workers;

The eight hour day in continuous twenty-four-hour industries;

The abolition of the convict contract labor system; substituting a system of prison production for governmental consumption only; and the application of prisoners' earnings to the support of their dependent families;

Publicity as to wages, hours and conditions of labor; full reports upon industrial accidents and diseases, and the opening to public inspection of all tallies, weights, measures and check systems on labor products;

Standards of compensation for death by industrial accident and injury and trade disease which will transfer the burden of lost earnings from the families of working people to the industry, and thus to the community;

The protection of home life against the hazards of sickness, irregular employment and old age through the

adoption of a system of social insurance adapted to American use;

The development of the creative labor power of America by lifting the last load of illiteracy from American youth and establishing continuation schools for industrial education under public control and encouraging agricultural education and demonstration in rural schools;

The establishment of industrial research laboratories to put the methods and discoveries of science at the service of American producers;

We favor the organization of the workers, men and women, as a means of protecting their interests and of promoting their progress. . . .

## BUSINESS

We believe that true popular government, justice and prosperity go hand in hand, and, so believing, it is our purpose to secure that large measure of general prosperity which is the fruit of legitimate and honest business, fostered by equal justice and by sound progressive laws.

We demand that the test of true prosperity shall be the benefits conferred thereby on all the citizens, not confined to individuals or classes, and that the test of corporate efficiency shall be the ability better to serve the public; that those who profit by control of business affairs shall justify that profit and that control by sharing with the public the fruits thereof.

We therefore demand a strong National regulation of inter-State corporations. The corporation is an essential part of modern business. The concentration of modern business, in some degree, is both inevitable and necessary for national and international business efficiency. But the existing concentration of vast wealth under a corporate system, unguarded and uncontrolled by the Nation, has placed in the hands of a few men enormous, secret, irresponsible power over the daily life of the citizen—a power insufferable in a free Government and certain of abuse.

This power has been abused, in monopoly of National resources, in stock watering, in unfair competition and unfair privileges, and finally in sinister influences on the public agencies of State and Nation. We do not fear commercial power, but we insist that it shall be exercised openly, under publicity, supervision and regulation of the most efficient sort, which will preserve its good while eradicating and preventing its ill.

To that end we urge the establishment of a strong Federal administrative commission of high standing, which shall maintain permanent active supervision over industrial corporations engaged in inter-State commerce, or such of them as are of public importance, doing for them what the Government now does for the National banks, and what is now done for the railroads by the Inter-State Commerce Commission.

Such a commission must enforce the complete publicity of those corporation transactions which are of public interest; must attack unfair competition, false capitalization and special privilege, and by continuous trained watchfulness guard and keep open equally all the highways of American commerce.

Thus the business man will have certain knowledge of the law, and will be able to conduct his business easily in conformity therewith; the investor will find security for his capital; dividends will be rendered more certain, and the savings of the people will be drawn naturally and safely into the channels of trade.

Under such a system of constructive regulation, legitimate business, freed from confusion, uncertainty and fruitless litigation, will develop normally in response to the energy and enterprise of the American business man.

We favor strengthening the Sherman Law by prohibiting agreement to divide territory or limit output; refusing to sell to customers who buy from business rivals; to sell below cost in certain areas while maintaining higher prices in other places; using the power of transportation to aid or injure special business concerns; and other unfair trade practices.

#### Questions

1. Why would a political party insist on making a "covenant" with voters? What does this "covenant" suggest about the way progressives viewed themselves and politics?
2. How does this platform propose to change the courts?
- ~~3. What does the section on social and industrial justice indicate about the United States in 1912?~~
3. How do these changes mentioned here, and in the reading "People's Populist Party Platform 1892", compare to the Triangle chart you made in class? What has happened since 1892?

START

Progressivism was similar to the Populist Movement of the late 1800s. Both were reform movements that wanted to get rid of corrupt government officials and make government more responsive to people's needs. Both sought to eliminate the abuses of big business. Still, the two movements differed. At the forefront of Progressivism were middle-class people. They believed that highly educated leaders should use modern ideas and scientific techniques to improve society. Leaders of the Populist Movement, on the other hand, consisted mostly of farmers and workers.

**Progressives Target a Variety of Problems** Some Progressives thought that political reform was the most urgent need. For many women, the number one goal was winning the right to vote. Other Progressives considered honest government to be the most important goal. Reformers targeted city officials who built corrupt organizations, called political machines. The bosses of these political machines used bribery and violence to influence voters and win elections. They counted on the loyalty of city workers who looked the other way when they took public money for themselves. Bosses also helped people solve personal problems, which often kept voters loyal.

Corrupt and ineffective government combined with the booming growth of cities produced other problems. The people living in America's crowded cities needed paved streets, safe drinking water, decent housing, and adequate municipal services. The lack of adequate services led to wretched living conditions for the urban poor. Too often, dishonest business owners and politicians controlled municipal services. Bribes and shady deals made them rich while conditions for urban residents remained unsafe and little changed.

While some Progressives focused on government, others were worried about big business. As you have learned, wealthy industrialists took over businesses and built huge trusts that limited competition and raised prices. Middle-class Progressives wanted the government to "bust the trusts" and so create more economic opportunities for smaller businesses. Progressives complained that the Sherman Antitrust Act of 1890 was inadequate and ineffective in limiting the abuses of big business.

Other Progressive reformers, often motivated by their religious faith, sought to reduce the growing gap between the wealthy and the poor. Progressives attacked the harsh conditions endured by miners, factory workers, and other laborers. They wanted better conditions for poor people living in city slums. They wanted social welfare laws to help children, as well as government regulations to aid workers and consumers.

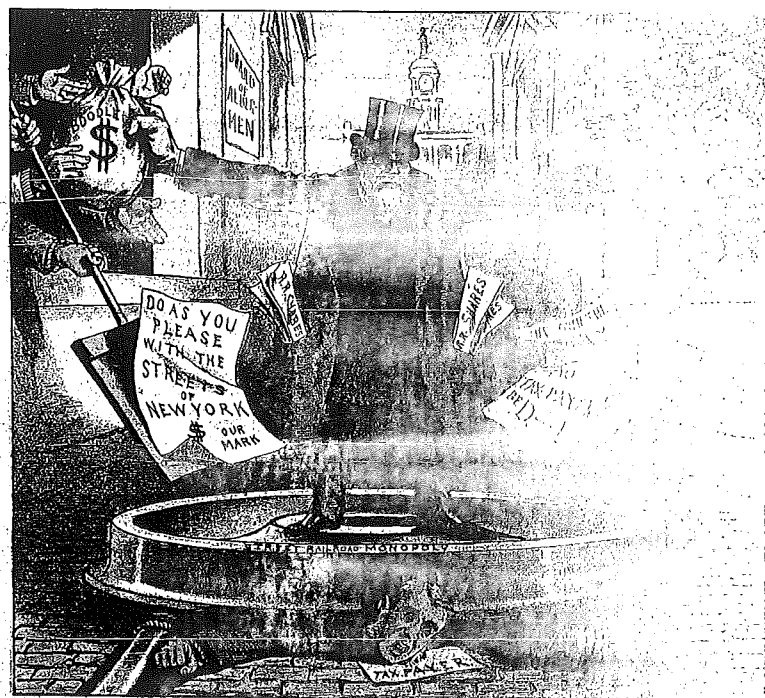
**Checkpoint** What problems did Progressive reformers hope to solve?

Directions

\*use 3 different color highlighters or pens to underline or highlight changes @ the various levels of gov't.

Key

- ☐ National Level
- ☐ State Level
- ☐ Local Level.



THE SHARP METHOD.—IT WORKS WITH ANY BOARD OF ALDERMEN.

### Analyzing Political Cartoons

**Business and Government Corruption** In the 1880s, a man expanded his streetcar business by bribing New York City aldermen and other government officials.

1. What symbols represent the corruption of city government?
2. According to the cartoonist, what is the effect of the street railroad monopoly on the taxpayer?



## Muckrakers Reveal the Need for Reform

Socially conscious journalists and other writers dramatized the need for reform. Their sensational investigative reports uncovered a wide range of ills afflicting America in the early 1900s. Even though Theodore Roosevelt agreed with much of what they said, he called these writers muckrakers because he thought them too fascinated with the ugliest side of things. (A muckrake is a tool used to clean manure and hay out of animals' stables.) The writers were angry at first but in time took up Roosevelt's taunting name as a badge of honor. The muckrakers' articles appeared in magazines and newspapers that entered millions of American homes. People across the nation were horrified by the conditions that were revealed to them.

**Journalists Uncover Injustices** One leading muckraker was **Lincoln Steffens**, managing editor at *McClure's*, a magazine known for uncovering social problems. In 1903, Steffens published *The Shame of the Cities*, a collection of articles on political corruption. His reports exposed how the government of Philadelphia let utility companies charge their customers excessively high fees. He showed how corrupt politicians won elections by bribing and threatening voters, and revealed how political corruption affected all aspects of life in a city.

### Primary Source

"The visitor [to St. Louis] is told of the wealth of the residents, of the financial strength of the banks, and of the growing importance of the industries; yet he sees poorly paved, refuse-burdened streets, and dusty or mud-covered alleys; he passes a ramshackle firetrap crowded with the sick and learns that it is the City Hospital. . . . Finally, he turns a tap in the hotel to see liquid mud flow into [the] wash basin or bathtub."

—Lincoln Steffens and Claude Wetmore, "Corruption and Reform in St. Louis," *McClure's Magazine*, October 1902

Jacob Riis ▼

### INFOGRAPHIC

## EXPOSING HOW THE OTHER HALF LIVES

"Long ago it was said that 'one half of the world does not know how the other half lives.' . . . It did not know because it did not care." Jacob Riis, believing that the "poor were the victims rather than the makers of their fate," used images and words to make the public confront the conditions of New York City's tenement slums.

Riis's 1890 book ▼

▲ A horse lies dead in a New York City street as children play nearby. A lack of city services forced slum-dwellers to live in unsanitary conditions.

HOW THE OTHER HALF LIVES  
STORIES FROM THE TENEMENTS OF NEW YORK




Another influential muckraker was **Jacob Riis**, a photographer for the *New York Evening Sun*. Riis turned his camera on the crowded, unsafe, rat-infested tenement buildings where the urban poor lived. Between 1890 and 1903, he published several works, including *How the Other Half Lives* (see Infographic below), that shocked the nation's conscience and led to reforms.

Other outraged writers joined Riis and Steffens. In *The History of Standard Oil*, Ida Tarbell reported that John D. Rockefeller used ruthless methods to ruin his competitors, charge higher prices, and thereby reap huge profits. Others proclaimed the need to improve schools or warned of the breakdown of family life because mothers had to work long hours in factories. John Spargo focused attention on the dangerous and difficult lives of child workers. (See the Witness History at the beginning of this section.)

**Novelists Defend the Downtrodden** Fiction writers put a human face on social problems. They developed a new genre—the naturalist novel—that honestly portrayed human misery and the struggles of common people. Theodore Dreiser, a midwesterner raised in poverty, published *Sister Carrie* in 1900. His provocative novel traces the fate of a small-town girl drawn into the brutal urban worlds of Chicago and New York.

Naturalist novels became very popular. Frank Norris's *The Octopus* fascinated readers by dramatizing the Southern Pacific Railroad's stranglehold on struggling California farmers. In *The Jungle*, Upton Sinclair related the despair of immigrants working in Chicago's stockyards and revealed the unsanitary conditions in the industry. (See an excerpt from the novel at the end of this section.) African American author Frances Ellen Watkins portrayed some of the struggles of black Americans in her 1892 novel *Iola Leroy*.

 **Checkpoint** What role did journalists and other writers play in the Progressive Movement?

## WITNESS HISTORY DVD

Watch *The Jungle: A View of Industrial America on the United States Witness History DVD* to learn more about city life in the industrial age.

**Discovery**  
EDUCATION



▲ A New York City cobbler prepares for the Jewish Sabbath Eve dinner in a Ludlow Street coal cellar.

▼ Adults and children sew knee-pants in a New York tenement, many of which served as both homes and workshops.

"[F]rom earliest dawn until mind and muscle give out together," people toiled unprotected by the laws governing factory work.

### Thinking Critically

**Analyze Visuals** What do Riis's images reveal about the conditions of city slums?

### History Interactive\*

For: A look at tenement life  
Web Code: nep-0403

**protecting Children and Improving Education** Progressives also tried to help children. Leading the effort was a lawyer named Florence Kelley. Kelley helped convince the state of Illinois to ban child labor, and other states soon passed similar laws. In 1902, Kelley helped form the National Child Labor Committee, which successfully lobbied the federal government to create the U.S. Children's Bureau in 1912. This new agency examined any issue that affected the health and welfare of children. The agency still works to protect children today.

But progress in children's rights had a long way to go. In 1916, Congress passed the Keating-Owens Act, which banned child labor. However, two years later, the Supreme Court ruled the law unconstitutional. It was not until 1938 that Congress would end child labor for good.

Progressives also tried to better children's lives by improving education. A number of states passed laws that required children to attend school until a certain age. However, there were heated debates about what children should learn and how they should learn. Some argued that they should be taught only work skills. Others said they should learn to appreciate literature and music. Most educators agreed that girls should learn different things from boys.

Educator John Dewey criticized American schools for teaching children to memorize facts but not to think creatively. Dewey wanted schools to teach new subjects such as history and geography, as well as practical skills like cooking and carpentry. His ideas were not adopted at once, but in later years, many states put them into effect.

**Progressives Help Industrial Workers** In the early 1900s, the United States had the highest rate of industrial accidents in the world. Long hours, poor ventilation, hazardous fumes, and unsafe machinery threatened not only workers' health but also their lives. Each year some thirty thousand workers died on the job, while another half a million were injured.

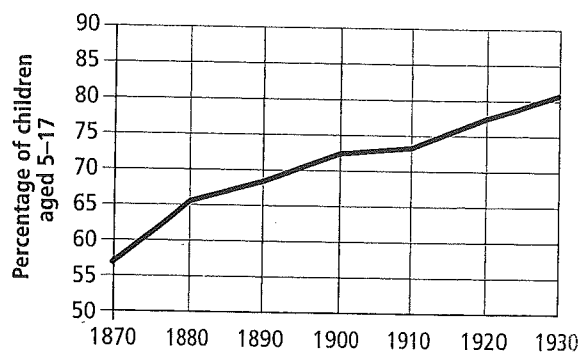
In March 1911, a fire at the Triangle Shirtwaist Factory in New York City shocked Americans and focused attention on the need to protect workers. Workers in the factory had little chance to escape the raging fire because managers had locked most of the exits. The fire killed 146 workers, most of them young women. Many jumped from the windows in desperation. Inside the smoldering ruins, firefighters found many more victims, "skeletons bending over sewing machines."

After the blaze, outraged Progressives intensified their calls for reform. New York passed laws to make workplaces safer, and other cities and states followed suit. Many states also adopted workers' compensation laws, which set up funds to pay workers who were hurt on the job.

Progressives also persuaded some states to pass laws limiting the workday to 10 hours. However, their efforts suffered a blow in 1905 when the Supreme Court ruled in *Lochner v. New York* that such laws were unconstitutional.

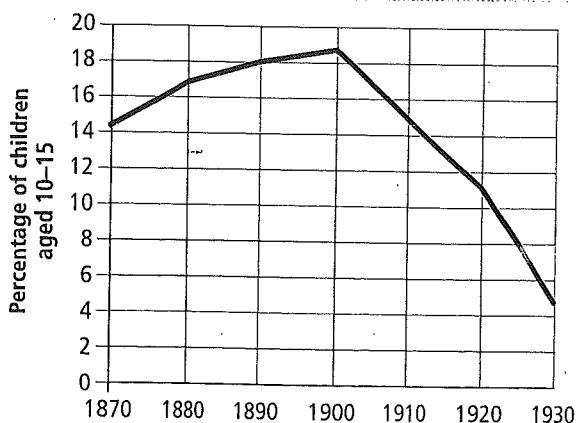
**Checkpoint** How did Progressives work to help the urban poor?

**Children Enrolled in Public School, 1870–1930**



SOURCE: Historical Statistics of the United States

**Children Employed, 1870–1930**



SOURCE: U.S. Census Bureau

**Graph Skills** During the Progressive Era, child labor declined sharply while school enrollment increased. According to the graphs, how did the percentage of children employed change from 1890 to 1920? How did school enrollment change during the same period?

## Progressives Reform Society

The work of the muckrakers increased popular support for Progressivism and helped the Progressives bring about reforms. Progressive activists promoted laws to improve living conditions, public health, and schools. They urged government to regulate businesses. They believed that careful social planning would make American life better.

**The Social Gospel Guides Reform Efforts** Many reformers, like Walter Rauschenbusch, thought that Christianity should be the basis of social reform. A child of German immigrants, Rauschenbusch had become a Baptist minister. He blended ideas from German socialism and American Progressivism into a plan for building a better society. His book *Christianity and the Social Crisis* outlined what he called the **Social Gospel**. By following the Bible's teachings about charity and justice, he explained, people could make society "the kingdom of God."

Many Protestant leaders followed Rauschenbusch's program. They began to urge the end of child labor and a shorter workweek. They also pushed for the federal government to limit the power of corporations and trusts.

### The 1911 Triangle Shirtwaist Factory Fire

Victims of the Triangle Shirtwaist Factory fire lie at the feet of a police officer as he looks up at the deadly blaze. *How did the fire help or hurt Progressives' efforts to reform workplace conditions?*

**Settlement House Workers Aid the Urban Poor** An important goal of many Progressives was to improve the lives of poor people in the cities. One approach was the **settlement house**, a community center that provided social services to the urban poor. Settlement house workers gave mothers classes in child care and taught English to immigrants. They ran nursery schools and kindergartens. They also provided theater, art, and dance programs for adults.

A young woman named **Jane Addams** became a leading figure in the settlement house movement. After graduating from college, she pursued several different ideas for careers. On a trip to Europe in 1888, however, she was inspired by the work at Toynbee Hall, a "settlement house" in London. In 1889, Addams opened Hull House, a settlement house in Chicago. Over the years, Hull House grew to include 13 buildings and won much praise. Its success inspired other college-educated, middle-class women to become social workers. By 1911, the country had more than four hundred settlement houses.





### Post-Hurricane Reforms in Galveston

- Galveston adopts a new commission form of government that spreads to other reform-minded cities.
- New city government builds a 17-foot-high seawall as protection against future storms.
- City government uses landfill to raise low-lying neighborhoods above sea level.

### Devastated Galveston

The coastal city of Galveston, Texas, hit by a powerful hurricane, adopted a new form of government to lead the rebuilding. *What features would a city government need to handle a reconstruction job of the scale seen here?*

## Reforming Government

Progressive reformers realized that they needed to reform the political process in order to reform society. They would have to free government from the control of political bosses and powerful business interests. They wanted to give people more control over their government and make government more effective and efficient in serving the public.

**Reformers Improve City Government** Just as the Triangle Shirtwaist Factory fire spurred reformers to action, so did another disaster. In 1900, a massive hurricane left the city of Galveston, Texas, in ruins. The greatest national calamity in American history, the hurricane killed more than 8,000 people. As an emergency measure, Galveston replaced its mayor and board of aldermen with a five-person commission. The commission form of government proved very efficient as the city carried out a tremendous rebuilding effort. The following year, Galveston decided to permanently adopt the commission form of government.

Known as the Galveston plan, many other cities decided to take up the commission form of government. By 1918, nearly 500 cities had adopted some form of the Galveston plan. Dayton, Ohio, and other cities modified the plan by adding a city manager to head the commission. The new city governments curbed the power of bosses and their political machines. The reform governments purchased public utilities so that electric, gas, and water companies could not charge city residents unfairly high rates.

**Progressives Reform Election Rules** Progressives also pushed for election reforms, taking up some Populist ideas. Traditionally, it was the party leaders who picked candidates for state and local offices. But in Wisconsin, reform governor Robert M. La Follette established a **direct primary**, an election in which citizens themselves vote to select nominees for upcoming elections. By 1916, all but four states had direct primaries.



Progressives also wanted to make sure that elected officials would follow citizen's wishes. To achieve this goal, they worked for three other political reforms: the initiative, the referendum, and the recall. The **initiative** gave people the power to put a proposed new law directly on the ballot in the next election by collecting citizens' signatures on a petition. This meant that voters themselves could pass laws instead of waiting for elected officials to act. The **referendum** allowed citizens to approve or reject laws passed by a legislature. The **recall** gave voters the power to remove public servants from office before their terms ended.


Progressives won yet another political reform: They adopted the Populist call for the direct election of senators by voters, not state legislators. That reform became law in 1913, when the Seventeenth Amendment to the Constitution was approved.

**Vocabulary**  
**dynamic**—(dī-nám-ĭk) energetic; not static; productive

**Progressive Governors Take Charge** Dynamic Progressives became the leaders of several states, and chief among them was Robert La Follette of Wisconsin. Elected governor in 1900, "Fighting Bob" won the passage of many reform laws. Under his leadership, the Wisconsin state government forced railroads to charge lower fees and pay higher taxes. La Follette helped his state to improve education, make factories safer, and adopt the direct primary. Progressives called Wisconsin the "laboratory of democracy."

Hiram Johnson, governor of California, shattered the Southern Pacific Railroad's stranglehold on state government. He put in place the direct primary, initiative, referendum, and recall. He also pushed for another goal of some Progressives—planning for the careful use of natural resources such as water, forests, and wildlife.

Other Progressive governors included Theodore Roosevelt of New York and Woodrow Wilson of New Jersey. Roosevelt worked to develop a fair system for hiring state workers and made some corporations pay taxes. Wilson reduced the railroads' power and pushed for a direct primary law. Both Roosevelt and Wilson later became President and brought reforms to the White House.

 **Checkpoint** How did Progressive reformers change local and state governments?

## SECTION

# 1

## Assessment

### Progress Monitoring Online

For: Self-test with vocabulary practice  
 Web Code: nea-0402

### Comprehension

1. **Terms** Explain how each of the following terms is an example of a social or political reform.

- settlement house
- direct primary
- initiative
- referendum
- recall

2. **NoteTaking Reading Skill:**

**Identify Details** Use your flowchart to answer the Section Focus Question: What areas did Progressives think were in need of the greatest reform?

### Writing About History

3. **Quick Write: Compare and Contrast Points of View** In a narrative essay, you may compare and contrast points of view on an issue through the opinions of various individuals. Compare and contrast Social Darwinism with Social Gospel through the personalities of William Graham Sumner, Bill Sunday, and Dwight L. Moody. Use library or Internet resources to complete this assignment.

### Critical Thinking

4. **Recognize Cause and Effect** What problems did muckrakers expose, and what effects did their work have on Progressive reform?
5. **Summarize** Describe William Rauschenbusch's ideas about Social Gospel and the Progressive Movement.
6. **Identify Points of View** Which groups in U.S. society might have opposed Progressive reform? Explain.

In a speech on the New Freedom, Wilson outlined his aim to provide more opportunities—more freedom—for small businesses.

### Primary Source

“The man with only a little capital is finding it harder and harder to get into the field, more and more impossible to compete with the big fellow. Why? Because the laws of this country do not prevent the strong from crushing the weak.”

—Woodrow Wilson, “The New Freedom,” 1913

Though he did not win the majority of the popular vote, Wilson received more than four times the number of Electoral College votes that went to Roosevelt or to Taft. The pious and intellectual son of a Virginia minister, Wilson was the first man born in the South to win the presidency in almost 60 years.

✓ **Checkpoint** How did Republican divisions help Wilson win the presidency?

### Vocabulary Builder

intellectual—(ihn tuh LEHK choo uhl) *adj.* guided by thought; possessing great power of thought and reason

## Wilson Regulates the Economy

President Wilson attacked what he called the “triple wall of privilege”—the tariffs, the banks, and the trusts—that blocked businesses from being free. Early in his first term, he pushed for new laws that would bring down those three walls and give the government more control over the economy.

**Congress Lowers Tariffs and Raises Taxes** First, Wilson aimed to protect workers. He began by trying to prevent big manufacturers from charging unfairly high prices to their customers. One way to do this was to lower the tariffs on goods imported from foreign countries, so that if American companies’ prices were too high, consumers could buy foreign goods. Wilson called a special session of Congress and convinced the group to pass the Underwood Tariff Bill, which cut tariffs.

The Underwood Tariff Act included a provision to create an income tax, which the recently passed **Sixteenth Amendment** gave Congress the power to do. The revenue from the income tax more than made up for the money the government lost by lowering tariffs on imports.

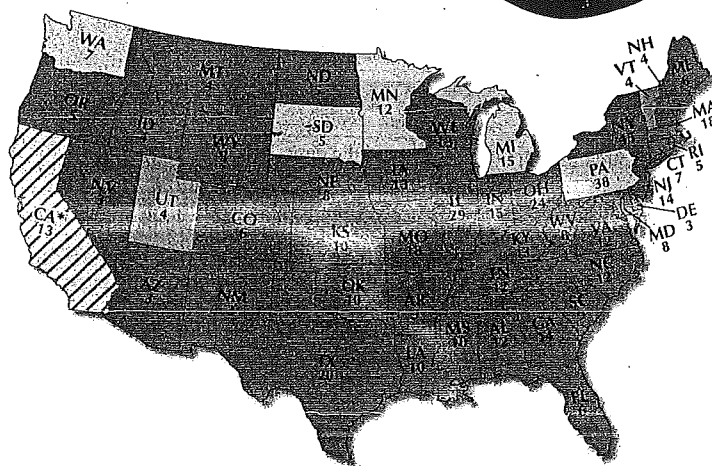
**Federal Reserve Act** Next, Wilson tried to reform the banking system. At the time, the country had no central authority to supervise banks. As a result, interest rates for loans could fluctuate wildly, and a few wealthy bankers had a great deal of control over the national, state, and local banks’ reserve funds. This meant that a bank might not have full access to its reserves when customers needed to withdraw or borrow money.

Wilson pushed Congress to pass the **Federal Reserve Act** (1913). This law placed national banks under the control of a Federal Reserve Board, which set up regional banks to hold the reserve funds from commercial banks. This system, still in place today, helps protect the American economy from having too much

Progressive Party button



## Presidential Election of 1912



Candidate (Party)	Electoral Vote	Popular Vote	% Electoral Vote	% Popular Vote
Woodrow Wilson (Democrat)	435	6,296,547	82	42
Theodore Roosevelt (Progressive)	88	4,118,571	17	27
William H. Taft (Republican)	8	3,486,720	1	23

\*Two of California’s electors voted for Wilson

money end up in the hands of one person, bank, or region. The Federal Reserve Board also sets the interest rate that banks pay to borrow money from other banks, and it supervises banks to make sure they are well run. Historians have called the Federal Reserve Act the most important piece of economic legislation before the 1930s.



**Wilson Strengthens Antitrust Regulation** Like Presidents before him, Wilson focused on trusts. Wilson agreed with Roosevelt that trusts were not dangerous as long as they did not engage in unfair practices. In 1914, he persuaded Congress to create the **Federal Trade Commission (FTC)**. Members of this group were named by the President to monitor business practices that might lead to monopoly. The FTC was also charged with watching out for false advertising or dishonest labeling. Congress also passed the **Clayton Antitrust Act** (1914), which strengthened earlier antitrust laws by spelling out those activities in which businesses could not engage.

These laws are still in effect today, protecting both businesses and consumers from abusive business activities. In recent years, the FTC has prosecuted companies that traded stocks dishonestly and fined companies that published false ads. The FTC also regulates buying on the Internet.

Progressive Era Legislation and Constitutional Amendments	
Legislation/Amendment	Effect
Sherman Antitrust Act (1890)	Outlawed monopolies and practices that restrained trade, such as price fixing
National Reclamation Act (1902)	Provided for federal irrigation projects by using money from the sale of public lands
Elkins Act (1903)	Imposed fines on railroads that gave special rates to favored shippers
Hepburn Act (1906)	Authorized the federal government to regulate railroad rates and set maximum prices for ferries, bridge tolls, and oil pipelines
Meat Inspection Act (1906)	Allowed the federal government to inspect meat sold across state lines and required inspection of meat-processing plants
Pure Food and Drug Act (1906)	Allowed federal inspection of food and medicine and banned the shipment and sale of impure food and the mislabeling of food and medicine
Sixteenth Amendment (1913)	Gave Congress the power to collect taxes on people's income
Seventeenth Amendment (1913)	Instituted the direct election of senators by the people of each state
Underwood Tariff Act (1913)	Lowered tariffs on imported goods and established a graduated income tax
Federal Reserve Act (1913)	Created the Federal Reserve Board to oversee banks and manage reserve funds
Federal Trade Commission Act (1914)	Established the Federal Trade Commission to monitor business practices, false advertising, and dishonest labeling
Clayton Antitrust Act (1914)	Strengthened the Sherman Antitrust Act by spelling out specific activities businesses could not do
Eighteenth Amendment (1919)	Banned the making, selling, and transporting of alcoholic beverages in the United States
Nineteenth Amendment (1920)	Gave women the right to vote in all elections

**Workers' Rights Protected** The Clayton Antitrust Act also ushered in a new era for workers by protecting labor unions from being attacked as trusts. Now, workers could organize more freely. Samuel Gompers of the American Federation of Labor (AFL) praised the new law as the "Magna Carta" of labor.

On the heels of these protections came the Workingman's Compensation Act (1916), which gave wages to temporarily disabled civil service employees. That same year, Wilson pushed for the Adamson Act to prevent a nationwide railroad strike, which would have stopped the movement of coal and food, leaving millions of Americans cold and hungry. Railroad union leaders insisted on the eight-hour day, but railroad managers would not accept it. Wilson called many company leaders to the White House, pleading with them to change their minds and avert a strike. When those efforts failed, he worked with Congress to pass the Adamson Act, which limited railroad employees' workdays to eight hours.

However, Wilson did not always support organized labor, as a tragic incident known as the Ludlow Massacre showed. In the fall of 1913, coal miners in Ludlow, Colorado, demanded safer conditions, higher pay, and the right to form a union. When the coal company refused, they walked off the job. Evicted from company housing, the miners and their families set up in a tent city near

the mines. The strike continued through the winter. Then, on April 20, 1914, the Colorado National Guard opened fire on the tent city and set fire to the tents, killing some 26 men, women, and children. In the end, Wilson sent federal troops to restore order and break up the strike. The miners' attempt to form a union had failed.

 **Checkpoint** What policies did Wilson pursue in support of his New Freedom program?

## Progressivism Leaves a Lasting Legacy

The political reforms of the Progressives had a lasting effect on the American political system. The initiative, referendum, and recall and the Nineteenth Amendment expanded voters' influence. Progressive reforms also paved the way for future trends. Starting in this period, the federal government grew to offer more protection to Americans' private lives while at the same time, gaining more control over peoples' lives.

The American economy today showcases the strength of the Progressives' legacy. Antitrust laws, the Federal Reserve Board, and the other federal agencies watch closely over the economy. The controls that Roosevelt and Wilson put in place continue to provide consumer protections. In later years, the government built on those actions to extend regulation over other aspects of business.

The Progressive years also greatly expanded the government's role in managing natural resources. Especially in the West, federal action on dams, national parks, and resource use remain major areas of debate. Those debates and decisions affect people in other regions as well. For example, while farmers in California, Arizona, or New Mexico worry about getting enough water to grow crops, the rest of the nation awaits the delivery of the food they grow.

It is true that many of the problems identified by the Progressives still plague us today. There are still dishonest sellers, unfair employment practices, and problems in schools, cities, the environment, and public health. However, the Progressive reformers passed on the idea that government can take action to help people fix those problems.

 **Checkpoint** What was the long-term impact of the Progressive Era on American life?

### SECTION

## 5 Assessment

### Progress Monitoring Online

For: Self-test with vocabulary practice  
Web Code: nea-0409

#### Comprehension

**1. Terms and People** For each item below, write a sentence explaining its significance.

- Woodrow Wilson
- New Freedom
- Sixteenth Amendment
- Federal Reserve Act
- Clayton Antitrust Act

#### 2. NoteTaking Reading Skill:

**Identify Details** Use your flowchart to answer the Section Focus Question: What steps did Wilson take to increase the government's role in the economy?

#### Writing About History

#### 3. Quick Write: Use Vivid Language

Choose an event discussed in this section. In one or two paragraphs, retell a portion of the event. Be sure to use vivid language and include details. Do additional research if needed.

#### Critical Thinking

**4. Compare and Contrast** How were the goals and actions of Wilson's New Freedom similar to Roosevelt's New Nationalism? How were they different?

**5. Draw Conclusions** Describe how each of the following met Progressive goals: the Sixteenth Amendment, the Clayton Antitrust Act, the FRC.

**6. Demonstrate Reasoned Judgment** In which area do you think government reforms had the greatest impact? Why?



## 179 Why a Minimum Wage?

Henry Ford also brought great changes in the field of labor relations. In 1914 the Ford Motor Company astonished the business world by voluntarily reducing the weekly hours of work and providing a minimum daily wage of \$5 for each of its workers. The \$5-a-day wage was nearly double what Ford and other automobile companies had been paying. In the following selection Ford explained the philosophy behind this policy.

### READING FOCUS

1. What was the proper relationship of a business and its employees?
2. On what basic philosophy did Ford base his decision to establish a minimum wage?
3. How did Ford bring about a change in labor relations?

What good is industry if it is so unskillfully managed that it does not return a living to everyone concerned? No question is more important than that of wages—most of the people of the country live on wages. The scale of their living—the rate of their wages—determines the prosperity of the country.

It is not usual to speak of employees as partners, and yet what else are they? Whenever people find the management of a business too much for their own time or strength, they call in assistants to share the management with them. Why, then, if people find the production part of a business too much for their own hands, should they deny the title of "partner" to those who come in and help them produce? Every business that employs more than one person is a kind of partnership. The moment a person calls for assistance in business—even though the assistant be but a child—that moment the person has taken a partner.

No person is independent as long as he or she has to depend on another's help. It is a mutual relation. The boss is the partner of the worker; the worker is partner of the boss. It is useless for one group or the other to think that it is the one necessary unit. Both are neces-

*Adapted from My Life and Work by Henry Ford in collaboration with Samuel Crowther.*

sary. They are partners. When they pull and push against each other, they simply hurt the organization in which they are partners and from which both draw support.

It ought to be the employer's ambition, as leader, to pay better wages than any similar line of business, and it ought to be the workers' ambition to make this possible. Of course, there are workers in all factories who seem to believe that if they do their best, it will be only for the employer's benefit—and not at all for their own. It is a pity that such a feeling should exist. But it does exist and perhaps it has some justification. If an employer encourages workers to do their best, and the workers learn after a while that their best does not bring any reward, then they naturally drop back into "getting by." But if they see the profit of hard work in their pay envelope—proof that harder work means higher pay—then they also begin to learn that they are a part of the business, and that its success depends on them and their success depends on it.

"What ought the employer to pay?" "What ought the employee to receive?" These are minor questions. The basic question is, "What can the business stand?" Certainly no business can stand to pay out more than it makes. When you pump water out of a well at a faster rate than the water flows in, the well goes dry.

Employers can gain nothing by looking over the employees and asking themselves, "How little can I get them to take?" Nor can employees gain much by glaring back and asking, "How much can I force them to give?" In time, both will have to turn to the business and ask, "How can this industry be made safe and profitable, so that it will be able to provide a sure and comfortable living for all of us?"

It ought to be clear that the high wage begins down in the factory. If it is not created there, it cannot get into pay envelopes. There will never be a system invented which will do away with the necessity of work. Nature has seen to that. Idle hands and minds were never intended for any one of us. Work is our sanity, our self-respect, our salvation. So far from being a curse, work is the greatest blessing. True social justice flows only out of honest work. The worker who contributes much should take away much. Therefore no element of charity is present in the paying of wages.

The kind of workers who give the business the best that is in them are the best kind of

workers a business can have. And they cannot be expected to do this indefinitely without proper recognition of their contribution. People who come to the day's job feeling that no matter how much they may give, it will not give them enough of a return to keep them from being poor are not in shape to do a day's work. But if people feel that their day's work is not only supplying basic needs, but is also giving them a margin of comfort and making them able to give their families opportunities and pleasure, then their job looks good to them and they are free to give it their best.

I have learned through the years a good deal about wages. I believe in the first place that, all other considerations aside, our own sales depend in a measure upon the wages we pay. If we can distribute high wages, then that money is going to be spent. It will serve to make storekeepers and distributors and manufacturers and workers in other lines more prosperous. Their prosperity will show up in our sales.

We announced and put into operation in January 1914, a kind of profit-sharing plan. The minimum wage for any class of work and under certain conditions was \$5 a day. At the same time we reduced the working day to eight hours—it had been nine—and the week to forty-eight hours. This was entirely a voluntary act. It was to our way of thinking an act of social justice, and in the last analysis we did it for our own satisfaction. There is a pleasure in feeling that you have made others happy—that you have lessened in some degree the burdens of other people—that you have provided something out of which may be had pleasure and saving. Good will is one of the few really important assets of life. Determined people can win almost anything they go after, but unless they gain good will, they have not profited much.

#### READING REVIEW

- ANSWER on previous page.
1. According to Ford, what was the relationship between a business and its employees?
  2. What mistakes could employers make in determining wages?
  3. (a) On what basis should wages be determined? (b) Is this philosophy still applicable to today's workplace? Why or why not?
  4. (a) Why, in Ford's view, did his company establish its minimum wage? (b) How did the establishment of a minimum wage by Ford affect other businesses?

## **Video Guide: The Twenties**

From *A Walk Through the 20th Century* with Bill Moyers

- 1. List some of the "simple pleasures":**
- 2. Stats on prohibition:**
- 3. Significance of prohibition?**
- 4. Why wasn't federal enforcement successful?**
- 5. Work for most Americans was...**
- 6. What did movies do to America?**
- 7. Major effects of the Great War?**
- 8. Who said "Machinery is the new Messiah"?**
- 9. What if a customer wanted a Ford that wasn't black?**
- 10. Phone states (and how did one dial her phone)?**
- 11. The other new way to send a human voice across the miles?**
- 12. Explain the significance of this quote - "Everybody had 1, 2, 3, 4, 5..." diamonds!**
- 13. Man in the blue coat made how much in a week?**
- 14. Bull Market Peaks - so what?**

15. Explain "low margin rules"

16. How do memory and fact diverge with regard to the economic situation in the 20s?

17. Man in the grey shirt (with the hair) makes how much an hour? Which buys....

18. Women in red blouse makes how much in a week?

19. Economists say the Depression was caused by...

20. But \_\_\_\_\_ of the nation lives in poverty (there weren't doing much "consumer" spending).

21. The 20s were NOT a prosperous time for:

22. Funny: even the "poor" remember the 20s fondly...how is this possible?  
(consider the puzzle Moyers suggests at the beginning of the show).

23. The role of hope and the installment plan on the phenomenon in question 22?

24. The President is an optimist? How?

25. "Silent Cal" Coolidge who said "a man who builds a factory builds a temple" believed prosperity was created by whom?

26. Hoover's reputation upon taking office?

27. Hoover's presidency was engulfed by...

28. The 20s arose out of

29. Union movements in the 20s were...

# Great Depression

## What Caused the Great Depression?

	What was this?	LINK: How did this cause the Great Depression?	Was this an action of the individual....	Or an action of government/gov't regulation)?
Document A Speculation & Buying on Margin				
Document B Stock Market Crash				
Document C Bank Failure				
Document D Hawley-Smoot Tariff & Trade	What impact did the Hawley-Smoot Tariff have on trade? Why?			
Document E Overproduction in Agriculture				
Document F Inequitable Income Distribution				

Name: \_\_\_\_\_

U.S History  
The Great Depression

## **"Brother, Can You Spare a Dime,"**

**Lyrics by Yip Harburg, music by Jay Gorney (1931)**

*As you listen to the song being played, take notes on the melody & where in the song the lyrics seem light-hearted, but the music says otherwise.*

They used to tell me I was building a dream, and so I followed the mob,  
When there was earth to plow, or guns to bear, I was always there right on the  
job.

They used to tell me I was building a dream, with peace and glory ahead,  
Why should I be standing in line, just waiting for bread?

Once I built a railroad, I made it run, made it race against time.  
Once I built a railroad; now it's done. Brother, can you spare a dime?  
Once I built a tower, up to the sun, brick, and rivet, and lime;  
Once I built a tower, now it's done. Brother, can you spare a dime?

Once in khaki suits, gee we looked swell,  
Full of that Yankee Doodly Dum,  
Half a million boots went slogging through Hell,  
And I was the kid with the drum!

Say, don't you remember, they called me Al; it was Al all the time.  
Why don't you remember, I'm your pal? Buddy, can you spare a dime?

Once in khaki suits, gee we looked swell,  
Full of that Yankee Doodly Dum,  
Half a million boots went slogging through Hell,  
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Say, don't you remember, they called me Al; it was Al all the time.  
Say, don't you remember, I'm your pal? Buddy, can you spare a dime?

## "On the Good Ship Lollypop"

Writer: WHITING, RICHARD A. CLARE, SIDNEY

Sung by Shirley Temple

I've thrown away my toys, even my drum and train.  
I wanna make some noise with real live aeroplanes.  
Some day I'm going to fly, I'll be a pilot too.  
And when I do, how would you like to be my crew?

On The Good Ship Lollipop.  
It's a sweet trip to a candy shop  
Where bon-bons play  
On the sunny beach of Peppermint Bay.

Lemonade stands everywhere  
Crackerjack bands fill the air  
And there you are  
Happy landing on a chocolate bar.

See the sugar bowl do the tootsie roll  
With the big bad devil's food cake.  
If you eat too much ooh-oooh  
You'll awake with a tummy ache.

On The Good Ship Lollipop  
It's a night trip into bed you hop  
And dream away  
On The Good Ship Lollipop



Name:

Date:

### When Should Government Step in?

*Read each scenario and write down whether you think the government should step in and what they should do for each scenario.*

#### Scenario

Should Government Get Involved? What should they do?

1. You work for Ford Motor Company, live in Detroit and have a wife and 3 children. Your wages and the wages of everyone in your department have just been reduced by 25%.
2. 6 months later the Ford Company fires 1,000 workers - including you.
3. It's been another 6 months and you still cannot find a job.
4. The bank takes away your house because you cannot pay your mortgage payments. You move with your family to a lot where hundreds of families just like yourself have taken up residence by building shacks made up of scrap metal and wood. All families living in this shantytown are living in conditions with no plumbing, no heat, no electricity, even no windows - the houses are only 1 rooms
5. Its 6 months later. You still have no job, no one will hire your wife either. Your children have grown out of all of their clothes, which are worn down to threads.
6. Your family is going hungry. You have no money to by food.
7. Everyone in your shantytown is starving. Even your brother and his family in Pittsburgh lost there house and are going hungry.
8. You hear on the news that 25% of the workforce is unemployed.

1.

2.

3.

4.

5.

6.

7.

8.

## Herbert Hoover on direct aid

*"The importance of the Preservation of Self-Help and the Responsibility of Individual Generosity as Opposed to Deteriorating Effects of Governmental Appropriations"*

February 3<sup>rd</sup>, 1931

This is on an issue as to whether people shall go hungry or cold in the United States. It is solely a question of the best method by which hunger and cold shall be prevented. It is a question as to whether the American people on one hand will maintain the spirit of charity and mutual self help through voluntary giving and the responsibility of local government as distinguished on the other hand from appropriations out of the Federal Treasury for such purposes. My own conviction is strongly that if we break down this sense of responsibility of individual generosity to individual and mutual self help in the country in times of national difficulty and if we start appropriations of this character we have not only impaired something infinitely valuable in the life of the American people but have struck at the roots of self-government. Once this happened it is not the cost of a few score millions but we are faced with the abyss of reliance in future upon Government charity in some form or other. The money involved is indeed the least of the costs to American ideals and American institutions.

*What does Hoover believe about direct aid? Do you think he convinces the American people? What do you think about direct aid?*

The stock market crash was also an exceptionally effective way of exploiting the weaknesses of the corporate structure. Many companies were forced by the crash to cut down on spending. Their later collapse destroyed both the ability to borrow and the willingness to lend for investment.

The crash was also effective in bringing to an end the foreign lending by which international accounts had been balanced. Now the accounts had, in the main, to be balanced by reduced exports . . .

Finally, when the misfortune had struck, the attitudes of the time kept anything from being done about it. This, perhaps, was the worst feature of all. Some people were hungry in 1930 and 1931 and 1932. Others feared that they might go hungry. Everyone suffered from a sense of complete hopelessness. Nothing, it seemed, could be done. And given the ideas which controlled policy, nothing could be done.

If the economy had been basically sound in 1929, the effect of the great stock market crash might have been small. But business in 1929 was not sound. On the contrary, it was exceedingly fragile. It was open to the kind of blow it received from Wall Street. . . .

### READING REVIEW

1. List four reasons why America experienced a depression.
2. What evidence did Galbraith offer to support his statement that the economy in 1929 was "basically unsound"?
3. According to Galbraith, why did the attitudes of the time prevent anything from being done about the depression?

## 197 Hoover's "American Plan"

As the United States sank deeper and deeper into the worst depression in its history, Americans searched for workable solutions to their economic problems. The nation had never before faced such widespread poverty and so much suffering. But President Hoover believed the nation was suffering only from "frozen confidence" and that prosperity was "just around the corner." Because of this outlook, Hoover tried to use traditional methods to deal with the crisis. Although he realized that some government action was necessary, he was willing to take only limited

measures, such as helping to provide some new jobs and making loans to businesses.

In the following speech of June 1931, Hoover outlined his views on how to deal with this crisis.

### READING FOCUS-Answer

1. What was the "American Plan"?
2. According to Hoover, what role should the United States government take in planning for the future development of the country?

We have many citizens insisting that we produce an advance "plan" for the future development of the United States. They demand that we produce it right now. I presume the "plan" idea is an infection from the slogan of the "five-year-plan" through which Russia is struggling to save itself from ten years of starvation and misery.

I am able to propose an American plan to you. We plan to take care of a 20 million increase in population in the next twenty years. We plan to build for them 4 million new and better homes, thousands of new and still more beautiful city buildings, thousands of factories. We plan to increase the capacity of our railways, to add thousands of miles of highways and waterways, to install 25 million electrical horsepower, to grow 20 percent more farm products. We plan to provide new parks, schools, colleges, and churches for these 20 million people. We plan more leisure for men and women and better opportunities for its enjoyment.

We not only plan to provide for all the new generation. We shall, by scientific research and invention, lift the standard of living of the whole population. We plan to secure a greater distribution of wealth, a decrease in poverty, and a great reduction in crime. And this plan will be carried out if we just keep on giving the American people a chance. Its moving force is in the character and spirit of our people. They have already done a better job for 120 million people than any other nation in all history.

Some groups believe this plan can only be carried out by a fundamental, a revolutionary, change of method. Other groups believe that

*Adapted from "Address to the Indiana Editorial Association" in State Papers and Other Public Writings of Herbert Hoover, Vol. I, edited by William Starr Myers.*

any system must be the outgrowth of our character and traditions. They believe that we have established certain ideals over 150 years, upon which we must build rather than destroy.

If we analyze the ideas which have been put forward for handling our great national plan, they fall into two main types. The first holds that the major purpose of a nation is to protect the people and to give them equality of opportunity. It holds that the basis of all happiness is in the development of the individual, and that we should steadily build up cooperation among the people themselves to this end.

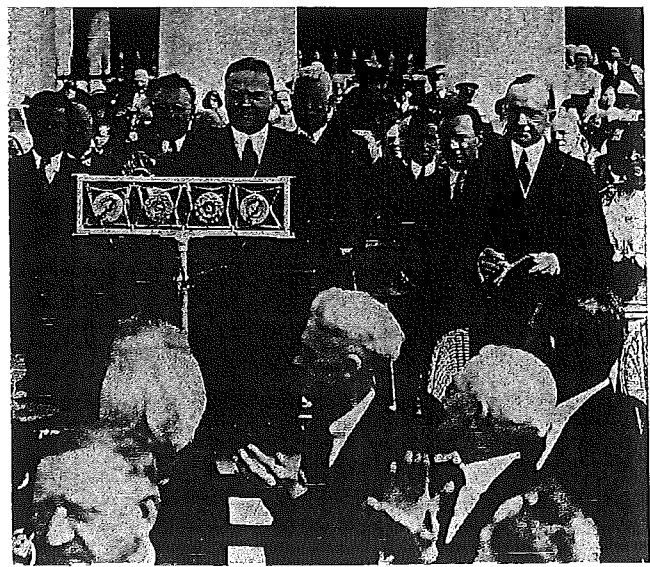
The other idea is that we shall, directly or indirectly, regiment the population into a bureaucracy to serve the state. It holds that we should use force instead of cooperation in planning, and thereby direct every person as to what may or may not be done.

These ideas present themselves in practical questions which we have to answer. Shall we abandon the philosophy and beliefs of our people for 150 years by turning to a belief that is foreign to our people? Shall we establish a giveaway from the federal treasury? Shall we undertake federal ownership and operation of public utilities instead of regulating them? Shall we protect our people from the lower standards of living of foreign countries? Shall the government, except in temporary national emergencies, enter into competition with its citizens? Shall we regiment our people by extending the arm of bureaucracy into a great many affairs?

Our immediate task as a people is to defeat the forces of economic disruption and pessimism that have swept over us. The duty of government in these times is to use its agencies and influence to strengthen our economic institutions; to inspire cooperation in the community so as to keep up good will and keep our country free from disorder and conflict; to cooperate with the people so that the deserving shall not suffer; and to strengthen the foundations of a better and stronger national life. These have been the objectives of my administration in dealing with this, the greatest crisis the world has ever known. I shall stick with them.

#### READING REVIEW

1. According to Hoover, what was the proper role of the government in dealing with the depression?



President Herbert Hoover

2. (a) Did Hoover favor or oppose increased government planning for the future development of the United States? (b) List two arguments he used to support his position.

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## CHAPTER 32 The Great Depression and the New Deal (1933–1941)

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### 198 On Government and the Economy

In 1932 the Democratic Party nominated Franklin D. Roosevelt as its candidate for President. Roosevelt had served as Assistant Secretary of the Navy under President Wilson and had become governor of New York in 1928. But he was not well known to many Americans when he began his Presidential election campaign. His campaign travels to all parts of the nation and his speeches promising to act immediately to end the depression won him victory in the 1932 election.

In his Inaugural Address, Roosevelt promised "a new deal for the American people," and he

outlined his program for ending the depression. He believed that the Great Depression was a grave crisis that had to be fought with bold new governmental programs. In the following speech delivered in San Francisco on September 23, 1932, Roosevelt summarized his ideas about what the role of the federal government should be in ending the crisis.

### READING FOCUS

Answer

1. According to Roosevelt, what were the basic economic rights of all Americans?
2. What role should the federal government play in ending the economic crisis?

I want to speak not of politics but of government. I want to speak not of parties but of universal principles. They are not political, except in that larger sense in which a great American once defined politics—that nothing in all of human life is unrelated to the science of politics.

A look at the situation today indicates only too clearly that equality of opportunity as we have known it no longer exists. Our industrial system is built. The problem just now is whether under existing conditions it is not overbuilt. Our last frontier has long since been reached. There is practically no more free land. More than half of our people do not live on farms, and they cannot make a living by cultivating their own property. There is no safety valve in the form of a Western frontier to which those thrown out of work by the Eastern economic machines can go for a new start. We are not able to invite immigrants from Europe to share our endless plenty. We are now providing a drab living for our own people.

Our system of constantly rising tariffs has at last reacted against us. It has closed our Canadian frontier on the north, our European markets on the east, many of our Latin-American markets to the south, and a sizable part of our Pacific markets on the west.

Just as freedom to farm has ended, so also opportunity in business has narrowed. It still is true that people can start small businesses, trusting their own shrewdness and ability to

keep ahead of competitors. But area after area has been taken over altogether by the great corporations. Even in the fields which still have no large companies, the small operator starts under a handicap. The statistics of the past 30 years show that the independent business owner is running a losing race. Perhaps he is forced into bankruptcy. Perhaps he cannot get credit. Perhaps he is "squeezed out" by highly organized corporate competitors—as your corner grocery store owner can tell you.

Recently a careful study was made of the concentration of business in the United States. It showed that our economic life is dominated by some 600 corporations that control two thirds of American industry. The other third is shared by 10 million small businesses. More striking still, it appears that if the process of concentration goes on at the same rate, at the end of another century all American industry will be controlled by a dozen corporations, run by perhaps a hundred people.

Clearly, all this calls for us to think over our values. A builder of more industrial plants, a creator of more railroad systems, an organizer of more corporations, is as likely to be a danger as a help. The day of the great financial promoters to whom we granted anything if they would build or develop is over. Our task now is not discovery or exploitation of natural resources or producing more goods. It is the less dramatic task of managing resources and businesses already in existence. We need to get back foreign markets for our surplus production, and solve the problem of underconsumption. We must adjust production to consumption, distribute wealth and products more fairly, and adapt existing economic organizations to the service of the people. The day of enlightened management has come.

In older times the central [national] government was first a place of refuge, and then a threat. In the same way, in our present economic system the huge corporation is no longer a servant but a danger. I would draw the parallel one step farther. We did not think, when national government became a threat in the 1700's, that we should abandon the principle of national government. Nor today should we abandon the principle of corporations, just because their power can be abused. In other times we dealt with the problem of an overly ambitious central government by changing it gradually into a constitutional democratic gov-

*Adapted from The Public Papers and Addresses of Franklin D. Roosevelt, Vol. I, published by Random House, Inc.*

ernment. So today we are changing and controlling our economic units.

As I see it, the task of government in its relation to business is to help in developing an economic declaration of rights, an economic constitutional order. Happily, the times indicate that to create such an order not only is the proper policy of government, but is the only line of safety for our economic structures as well. We know now that these economic units cannot exist unless prosperity is uniform. Purchasing power must be well distributed throughout every group in the nation. That is why even the most selfish corporations would be glad to see wages raised and unemployment ended, and the Western farmer restored to prosperity. That is why some enlightened industries themselves try to limit the freedom of action of each business group within the industry in the common interest of all.

I feel that we are coming to see that private economic power is a public trust. I believe that in order to keep that power any individual or group must fulfill that trust. The people who have reached the top of American business life know this best. Happily, many of them urge that we adopt this greater social contract.

The terms of that contract are as old as the Republic, and as new as the new economic order.

Every person has a right to life. This means the right to make a comfortable living, a right that may not be denied. We have no actual famine. Our industrial and agricultural systems can produce enough and still have capacity to spare.

Every person has a right to individual property. This means a right to be assured of the safety of one's savings. In all thought of property, this right is supreme. All other property rights must give way to it.

These two requirements must be satisfied chiefly by the individuals who control the great industrial and financial concerns which dominate our industrial life. They are not business leaders, but rather princes of property. I am not prepared to say that the system which produces them is wrong. But I do say that they must take the responsibility which goes with the power. Many enlightened business leaders know this.

The responsible heads of finance and industry, instead of acting alone, must work together to achieve the common good. They

must, where necessary, sacrifice this or that personal advantage and seek a general advantage. It is here that government comes in. Whenever the dishonest competitor or the reckless promoter refuses to join in achieving a goal recognized as being for the public welfare, the government may properly be asked to apply restraint. Likewise, if the group should ever use its collective power against the public welfare, the government must be swift to protect the public interest.

The government should take over the function of economic regulation only as a last resort when private initiative has finally failed. As yet there has been no final failure, because there has been no attempt.

The final goal of the Declaration of Independence was liberty and the pursuit of happiness. We have learned a great deal about both in the past hundred years. We know that individual liberty and individual happiness mean nothing unless both are achieved without one man's meat being another man's poison. We know that liberty which robs others of basic rights cannot receive governmental protection.

All this is a long, slow task. Human endeavor is not simple. Government includes the art of making a policy, and using political techniques to secure as much of that policy as will receive general public support. We must build toward the time when a major depression cannot occur again. If this means sacrificing the easy profits of inflationary booms, then let them go, and good riddance.

Faith in America, faith in our tradition of personal responsibility, faith in our institutions, faith in ourselves, demand that we recognize the new terms of the old social contract. We shall fulfill them. We must do so. Otherwise, a rising tide of misery, caused by our common failure, will swamp us all. But failure is not an American habit. In the strength of great hope we must all share our common responsibility.

## READING REVIEW

1. List the two economic rights of all Americans.
2. (a) How can the economic rights of Americans be guaranteed by business? (b) by government?
3. How did the government help end the crisis?
4. Do Americans still adhere to this basic economic philosophy?

## FDR's Three R's: Relief, Recovery, Reform

### Goals:

#### Relief:

- To immediately relieve the panicking & stress of the Great Depression
- To assist distressed people through direct monetary payments and/or loans
- Mostly temporary
- Created jobs to curb unemployment (ex. CCC)

#### Recovery:

- To aid farmers, business owners, and workers-especially in industries troubled most in the 1920s (ex. Construction)
- To get the economy moving again & lift the country out of depression
- To not only improve present economic conditions in the country by providing work, but also through production of public works that make a lasting impact on America (ex. Parks, schools, roads, dams, etc.)
- Solve overproduction and under-consumption

#### Reform:

- To eliminate abuse in the economy
- To prevent future depressions
- To protect ALL Americans-investors, consumers, etc. in the future
- To fix structural problems with the economy that caused the Great Depression

Initials	Real name:	Year	Description	Relief, Recovery or Reform?	Individualism or Collectivism?
TVA					
CCC					
AAA			Paid farmers NOT to plant their land, reduces overproduction, kills off livestock, increases prices—works by 1934.	Relief and Recovery	C—creates involuntary bonds between people
SSA					
REA					
FDIC					
SEC					
WPA					
NLRB					
FWP					

HW: Fill out this chart using your textbook. (694-707)



# The 20<sup>th</sup> Century: The 30s

Name: -

Video Guide

US 32

## Hoover's Response

1. The republican presidents Harding, Coolidge and Hoover took what approach to the economy?
2. What were Hoover's 2 big mistakes in responding to the Great Depression?
3. Many Americans were troubled that Hoover was willing to sign appropriations that provided feed to starving livestock but that he was unwilling to provide direct relief to starving people. Explain his thinking.
4. Some 1932 stats:
  - \_\_\_\_\_ of the nation's people unemployed
  - \_\_\_\_\_ of home mortgages in default (with about 1000 foreclosures per day)
  - \_\_\_\_\_ banks closing per year
  - over \_\_\_\_\_ rural schools didn't open for the 1931-2 school year (means ~25,000 students w/o classes)
5. The Bonus Army consisted of \_\_\_\_\_ who wanted an early payment of their war bonus (like a one-time retirement check). Why did they eventually leave Washington D.C.?

## The New Deal

6. What was the impact of Roosevelt's battle with Polio on his political approach/philosophy?
7. Famous words from Roosevelt's famous inaugural address in 1933: "The only thing we have to \_\_\_\_\_ is \_\_\_\_\_ itself."
8. What did Roosevelt ask from Congress to deal with the crisis?
9. What problem did Roosevelt set out to fix first?

10. List three famous national structures that were constructed during the New Deal?
11. What were the goals of the TVA (Tennessee Valley Authority)?
12. What was the main criticism of the TVA?
13. What was the goal of the CCC (Civilian Conservation Corps)?
14. What were did the Federal Arts Program and the WPA artistic divisions accomplish? Do you think this was a good use of government money?
15. What did the 21<sup>st</sup> Amendment do?
16. According to historian Howard Zinn, the New Deal \_\_\_\_\_, but didn't **end** the suffering of the Great Depression; it did prevent open rebellion.
17. Provide evidence that this was a time of tremendous social unrest, a time when the people were taking matters into their own hands.
18. Organized labor had a hard / good time in the early 30s. Explain.
19. List factors led to organized labor's comeback in the middle and late 30s?
20. The New Deal created a "Safety Net;" what reforms to the working person's life were part of this?

21. Why did some members of the "capitalist class" like the New Deal?

22. \_\_\_\_\_ said, "Every man a king," and he especially meant himself! What did this phrase mean?

### **Black America during the Depression**

23. In many ways, the Depression hit black America hardest: African Americans made up \_\_\_\_\_ percent of the relief rolls during the Depression and were usually the \_\_\_\_\_ to be hired and the \_\_\_\_\_ to be fired.

24. In 1933 the Federal Government failed (again) to make \_\_\_\_\_ a federal crime.

25. What was Eleanor Roosevelt's contribution to the tradition of liberalism in the US?

26. As a result of the persistence of unequal treatment they received, many African Americans were drawn to the \_\_\_\_\_ party in the 30s.



### A Bracero Compares Expectations versus Reality of Life in the United States

José Francisco Delgado Soto traveled extensively around the United States as a bracero. He worked in Michigan, California, Washington, and Texas picking apples, cherries, corn, eggplants, lettuce, pears, pumpkins, and sugar beets. He describes what Mexicans hoped to find in the United States and contrasts that with the often difficult labor and loneliness of bracero life. This interview was translated from the original Spanish.

**Interviewer:** What was said, what was the atmosphere like there on the train?

**Mr. Delgado:** Well happy, you know? Because we were going to where there was another way of being, different from that of ours, which was dollars. In this way the people were pleased, you know? But I remember that they barely paid us, I mean, we earned very little. They set the hour like at \$0.50 cents and well that was very little. And even though, supposedly they were going to take into account how much we advanced, you know? in the fields. But as I said, the pay was too little, taking an account by hour, \$0.50 cents was too little...

**Interviewer:** Before leaving to go there, how did you imagine the United States?

**Mr. Delgado:** Well I always liked the way things are there, you know? Like, by talking with people. Because I had a friend here where I worked in the (*teneria*) skins factory, here in my town...he was from [the United States] and he came for fear of the war you know?, here to the town. He knew English well, because I think he studied there and all of that. Then I became interested in English, I would ask him, just like that, how certain things were said, you know?

**Interviewer:** ...Did he speak of nice things?, Did he say it was pretty over there?, or what would he say?

**Mr. Delgado:** Well almost nothing, about those things I never really asked him, how things were over there. I was more interested in the English [language]... The English language was interesting to me and still today [I know] a few things...I remember the first word that I learned how to say in English, it was to say thank you. (Laughs.)

[Later in the interview, describing work in Michigan]

**Interviewer:** About what time did you finish? Do you remember more or less about how many hours were your workdays?

**Mr. Delgado:** Well, I think about eight to ten hours.

**Interviewer:** And finishing in the evenings, what did everyone do?

**Mr. Delgado:** Well, that was it, nothing more, make something for dinner and rest, it was, all that one did, you know? And then get oneself ready for the next day.

**Interviewer:** And again the same thing. And what days did you rest?

**Mr. Delgado:** On Sundays, wherever you were, you don't work, you know? ...We went out, I remember there, in that place, we went out to where there was nearby lake, and in Michigan there are many lakes. Is the city, I mean, it is the Lakes State. We would go to a lake or take a walk around, to have a cold drink around there were they sold them, to a market, well that was what we did on Sundays...

**Interviewer:** And in those places that you mentioned, and also in the restaurants or in the bars or the stores where you bought your grocery, Did you have any problems of being rejected or of racism that they would not allow you to go in?



**Mr. Delgado:** No, not on that one, well, in other occasions I did, but not in that one.

**Interviewer:** There in Michigan you didn't have to go through that?

**Mr. Delgado:** No, no. There, they never deny us anything. You could see the people, later they would look at us, you know? Because, we were dressed differently and all of that. I remember one time that I was wearing a hat, the kind that they used to use here in the town and would wear it over there and they would look at us because of that.

**Interviewer:** In general, how did they treat you, the *braceros*, when you were there? The people, I say, let's say, the people from there right? The Americans, the people that lived in the towns, what kind of treatment did they give you how did they see you?

**Mr. Delgado:** Well, during that time because we didn't mix in at all, we would only go out to buy something, I remember. The only thing was once they did not... We wanted a refreshment and maybe they thought we wanted beer and they said: "No." That no, they could not sell us beer because we did not look, did not look of age for them to sell it to us.

[Later in the interview]

**Mr. Delgado:** From Michigan they transferred us to [Central Valley of California] ... That also took us six days to arrive from one place to another, because it was also on train, you know?

**Interviewer:** ...What crop were you working there?

**Mr. Delgado:** There in the, in the valley, let's say there where we were afterwards, we worked with lettuce...the cutting of lettuce. We arrived I think when they were about to start that work, the cutting of lettuce.

**Interviewer:** Listen, and there, there certainly were many more *braceros*.

**Mr. Delgado:** No, there were a lot of people, because it is more of a border, almost all Mexicans, they were more Mexicans there, you know?

**Interviewer:** *Braceros*, which were also contracted?

**Mr. Delgado:** There were contracted and wire workers, is what they were called... Do you know why they call them wire workers? ...[Because] they crossed the [fence], which is why they called them wire workers. When I first heard someone say: "The wire workers should be here soon", I thought that they were workers of...

**Interviewer:** Of lighting.

**Mr. Delgado:** Yes, (laughter) of lighting. And those were well the ones who had the company, because there, they were companies, they were no longer ranchers, they were companies. We were with a company that was named Friedman, which was the name then, The Friedman.

Source: Violeta Domínguez, "José Francisco Delgado Soto," in *Bracero History Archive*, Item #126, <http://braceroarchive.org/items/show/126> (accessed January 26, 2010), translated by Tony Paulino.

Answer:

1. Why did *Braceros* choose to come to the U.S?
2. What challenges did *Braceros* face in the U.S?

## 203 A Critic on the New Deal

Verdict of history about the New Deal has not been all favorable. Some critics of the New Deal charge that it expanded the authority of the federal government by taking away powers of state governments. They point out that the New Deal programs greatly increased the national debt. Critics also argue that the Roosevelt administration helped labor unions to become much too powerful.

John T. Flynn was one of these critics who believed that Roosevelt's New Deal policies were disastrous for the nation. Flynn was particularly worried about the growth of the government bureaucracy and its increasing power. In this selection from his book *The Roosevelt Myth*, written in 1948, Flynn also bitterly attacked Roosevelt himself as well as his policies.

Many good people in America still cherish the false idea that Roosevelt performed some amazing achievement for this country. They believe he took our economic system when it was completely broken down and restored it to vitality. They think he took over our political system when it was weakest and restored it to its full strength. He put himself on the side of the underprivileged masses. He transferred power from the great corporation executives to the simple working people of America. He controlled the adventurers of Wall Street, and gave security to the humble men and women of the country.

But not one of these claims is true. He did not restore our economic system to vitality. He changed it. The system he so stupidly moved us into is more like the bureaucracy of Germany before World War I than our own traditional order.

Before his regime we lived in a system which depended for its expansion upon private investment in private enterprise. Today [1948] we live in a system which depends for its expansion and vitality upon the government. This is a prewar European importation. And it was imported at the moment when it had fallen apart in Europe. In this system the government takes by taxes or by borrowings the savings of all the citizens and invests them in non-wealth-producing undertakings in order to create work.

Behold the picture of the American economy today. In America today every fourth person depends for a livelihood upon employment either directly by the government or indirectly in some industry supported by government funds. There is a public debt of \$250 billion, compared to a pre-Roosevelt debt of \$19 billion, and a government budget of \$40 billion instead of \$4 billion before Roosevelt. Inflation has doubled prices and reduced the lower-paid employed workers to a state of poverty as bad as that of the unemployed in the depression. More

people are on various kinds of government relief than when we had 11 million unemployed. Bureaucrats are in every field of life. And the President is calling for more power, more price-fixing, more regulation, and more billions. Does this look like the traditional American scene?

No, Roosevelt did not restore our economic system. He did not construct a new one. He substituted an old one which lives upon permanent crises and an armament economy. And he did not by a process of orderly design and building, but by a series of mistakes. He moved one step at a time, in flight from one problem to another. Now we have a state-supported economic system that will continue a little at a time to destroy the private system until it disappears altogether.

Roosevelt did not restore our political system to its full strength. One may like the shape into which he battered it, but it cannot be called a repair job. He changed our political system with two weapons—blank-check congressional appropriations and blank-check congressional legislation. In 1933 Congress gave up much of its power when it put billions into his hands. It gave him a blanket appropriation to be spent at his own will. And it passed general laws leaving it to him, through great government bureaus that he set up, to fill in the details of legislation.

These two mistakes gave Roosevelt a power which he used ruthlessly. He used it to break down the power of Congress and concentrate it in the hands of the executive. The result of these two betrayals—the smashing of our economic system and the twisting of our political system—can only be the planned economic state. This, in the form of either communism or fascism, dominates the entire continent of Europe today. The capitalist system cannot live under these conditions. Free representative government cannot survive a planned economy. Such an economy can be managed only by a dictatorial government. The only result of our present system—unless we reverse the drift—will be the gradual disappearance of the system of free enterprise under a free representative government.

There are people who honestly defend this change. They at least are honest. They believe in a planned economy. They believe in a highly centralized government operated by a powerful executive. They do not say Roosevelt saved our

system. They say he has given us a new one. That is logical. But no one can praise Roosevelt for doing this and then insist that he restored our traditional political and economic systems to their former vitality.

Roosevelt's star was sinking sadly in 1938 when he had 11 million unemployed and when Hitler made his first war moves in Europe. The cities were filling with jobless workers. Taxes were rising. The debt was soaring. The war rescued him and he seized upon it like a drowning man. By leading his country into the fringes of the war at first and then deep into its center all over the world he was able to do the only things that could save him—spend billions to spread the hot flames of war hysteria and put every man and woman into the war mills. Under the pressure of patriotism, he could silence criticism and work up the illusion of the war leader.

On the moral side, I have barely touched that subject. It will all still be told. But go back through the years, read the speeches and platforms and judgments Roosevelt made, and consider them in the light of what he did. Look up the promises of thrift in public office, of balanced budgets and lower taxes, of honesty in government, and of security for all. Read the speeches he made promising never, never again to send our sons to fight in foreign wars. He broke every promise. He betrayed all who trusted him.

The figure of Roosevelt exhibited before the eyes of our people is false. There was no such being as that noble, selfless, hard-headed, wise, and farseeing combination of philosopher, philanthropist, and warrior. It has been created out of pure propaganda. A small collection of dangerous people in this country are using it to advance their own evil purposes.

### READING REVIEW

1. (a) Name two myths about Roosevelt. (b) What evidence did Flynn offer to support his conclusion that these were untrue?
2. Describe the changes Roosevelt made in our economic and political systems.
3. According to Flynn, what was the result of a "planned economy"?
4. Why do you think Roosevelt provoked such strong feelings?
5. What do you think of Flynn's criticism of President Roosevelt?

Answer {

## 2 The New Deal In History

Decades now, Americans have been thinking, arguing, and writing about the New Deal. During the 1930's—the years of the New Deal—people's feelings were especially strong. Some Americans of those years thought that the New Deal was a radical threat to the American way of life. Others believed that the New Deal programs were moderate reforms necessary to help the nation recover from the depression.

Like other Americans, historians, too, have held strong opinions about the New Deal. In 1945 historian Henry Steele Commager reviewed the record of the New Deal and summed it up in a magazine article. In the following selection,

based on that article, Commager explained his reasons for forming a favorable conclusion about Roosevelt and the New Deal.

Now that the bitter quarrels over New Deal policies have been drowned out by the war [World War II], it is possible to evaluate those policies in some historical perspective. Those policies have been decisively voted for four times by large popular majorities. They have been turned into reality so fully that controversy about them is almost irrelevant. It would be possible to fix, with some degree of accuracy, the place occupied by Roosevelt in American history.

We can see now that the "Roosevelt revolution" was no revolution. Rather it was the high point of 50 years of historical development. Roosevelt himself, though clearly a leader, was an instrument of the people's will rather than a creator of, or a dictator to, that will. Indeed, the issue of the expansion of government control for democratic purposes began in the 1890's. A longer perspective will see the 50 years from the 1890's to the present as a historical unit. The roots of the New Deal go deep down into our past. It is not understandable except in terms of that past.

What was really only a new deal of the old cards looked, to startled and troubled Americans at the time, like a revolution for two reasons. It was carried through with breathless rapidity. And, in spirit at least, it contrasted sharply with what came immediately before it. But if the comparison had been made, not with the Coolidge-Hoover era, but with the Wilson, the Theodore Roosevelt, even the Bryan era, the contrasts would have been less striking than the similarities.

Actually, the precedents for the major part of the New Deal legislation were to be found in these earlier periods. Regulation of rail-

roads and of business dated back to the Interstate Commerce Act of 1887 and the Sherman Act of 1890. The farm relief program of the 1920's and of Wilson anticipated much that

Power regulation began with the Water Power Act of 1920. Supervision over securities exchanges began with laws of the Harding and Coolidge administrations. Regulation of money is as old as the Union. The fight which Bryan and Wilson waged against the "money power" and Wall Street was more bitter than anything that came during the New Deal. Labor legislation had its beginnings in such states as Massachusetts and New York over 50 years ago. Much of the program of social security was worked out in Wisconsin and other states early in the 1900's.

There is nothing remarkable about this. Nor does it lessen in any way the significance of President Roosevelt's achievements and contributions. It is to the credit of Roosevelt that he worked within the framework of American history and tradition.

What, then, are the major achievements, the lasting contributions of the first three Roosevelt administrations? First, perhaps, comes the restoration of self-confidence, the reassertion of faith in democracy. Those who lived through the electric spring of 1933 will remember the change from depression and discouragement to excitement and hope. Those able to compare the last decade with previous decades will agree that interest in public affairs has rarely been as widespread, as alert, or as responsive.

All this may seem indefinite. If we look to more definite things, what does the record show? Of primary importance has been the physical rebuilding of the country. It became clear, during the 1920's and 1930's, that the natural resources of the country—its soil, forests, water power—were being destroyed at a dangerous rate. The development of the Dust Bowl, and the migration of farmers to the Promised Land of California, the tragic floods on the Mississippi and the Ohio, dramatized to the American people the urgency of this problem.

Roosevelt tackled it with energy and boldness. The Civilian Conservation Corps enlisted

almost 3 million young men. They planted 17 million acres in new forests, built over 6 million small dams to stop soil erosion, and fought forest fires and plant and animal diseases. To check erosion, the government organized a cooperative program which obtained the help of over one fourth of the farmers of the country. More important than all this was the TVA, a gigantic laboratory for regional rebuilding.

Equally important has been the New Deal achievement in human rehabilitation. Roosevelt came into office at a time when unemployment had reached perhaps 14 million, and when private solutions had failed. It was perhaps inevitable that he should sponsor a broad program of government relief. More than relief was the acceptance of the principle that the government was responsible for the



That this principle was bitterly opposed now seems hard to believe. Its establishment must stand as one of the main achievements of the New Deal. Beginning with emergency legislation for relief, the Roosevelt program in the end included the whole field of social security—unemployment assistance, old-age pensions, aid to women and children, and public health. It involved programs of rural rehabilitation, the establishment of maximum hours and minimum wages, the prohibition of child labor, and reform in housing.

In the political field the achievements of the New Deal were equally notable. First we must note the steady trend toward the strengthening of government and the expansion of government activities—whether for good or bad only the future can tell. As yet no better method of dealing with the problems of a modern economy and society has shown itself. It can be said that though government today has, quantitatively, far greater responsibilities than had generations earlier, qualitatively, no greater power. For our constitutional system remains as it always was. All power still resides in the people and their representatives in Congress. They can at any moment take from their government any power.

We seem to have overcome our traditional distrust of the government and realized that a strong state could be used to benefit and advance the nation. That is by no means a New Deal achievement. But it is a development which has gained much from the experience of

the American people during the Roosevelt administrations.

It has meant, of course, a marked federal centralization. Along with this has come a great increase in the power of the President. The charge that Roosevelt has been a dictator can be dismissed, along with charges that Jefferson, Jackson, Lincoln, Theodore Roosevelt, and Wilson were dictators. American politics simply doesn't run to dictators. But Roosevelt has been a "strong" executive—as every great democratic President has been a strong executive. There is little doubt that Roosevelt accepted this situation cheerfully.

The New Deal, as far as can be foreseen, is here to stay. There seems no chance of a reversal of any of the major developments in politics in the last twelve years. This was recognized by the Republicans in 1940 and again in 1944. Both platforms endorsed all the essentials of the New Deal.

And what, finally, of Roosevelt himself? It may seem too early to fix his position in our history. Yet that position is reasonably clear. He takes his place in the great tradition of American liberalism, along with Jefferson, Jackson, Lincoln, Theodore Roosevelt, and Wilson. Coming to office at a time when the very foundations of the republic seemed threatened, he restored confidence and proved that democracy could act as effectively in crisis as could totalitarian governments.

A liberal, he put government clearly at the service of the people. A conservative, he pushed through reforms designed to strengthen the natural and human resources

of the nation, restore agriculture and business to their former prosperity, and save capitalism. He saw that problems of government were primarily political, not economic. He saw that politics should control the economy, not the other way around.

Only sure against continuing liberty, Roosevelt said, "is a government strong enough to protect the interests of the people, and a people strong enough and well enough informed to maintain its sovereign control over its government." The Roosevelt administration proved once more that it was possible for such a government to exist and such a people to flourish, and restored to the United States its position as "the hope of the human race."

## READING REVIEW

1. According to Commager, what were the three major accomplishments of the New Deal?
2. Cite two pieces of evidence which Commager used to support his conclusion that the New Deal "is here to stay."
3. Why did Commager reach a favorable conclusion about President Roosevelt and his New Deal policies?

## Did the New Deal Work?

By MATTHEW BANDYK

Posted: April 11, 2008

While today's economic slowdown pales in comparison to the Great Depression, when it comes to political action, the ghost of the 1930s may still be haunting Washington, D.C. President Franklin Roosevelt explained the need for the New Deal this way in his 1932 address to the Democratic National Convention: "While [Republicans] prate of economic laws, men and women are starving. We must lay hold of the fact that economic laws are not made by nature. They are made by human beings."

That's not so different from the sentiment behind modern-day calls for action, like Rep. Barney Frank's plan to bail out homeowners. When the market takes a wrong turn, it's the job of government to grab the wheel—by boosting spending or cutting taxes—and steer the economy back on the right path.

But if there's anything more unpredictable than the direction of the market, it's the effects of government tinkering with economic policy. And even today, economists and historians still vigorously debate not only whether or not the New Deal helped take the country out of the Depression but if it actually made things worse.

### **A split**

Just how divided are experts? In 1995, economist Robert Whaples of Wake Forest University published a survey of academic economists that asked them if they agreed with the statement, "Taken as a whole, government policies of the New Deal served to lengthen and deepen the Great Depression." Fifty-one percent disagreed, and 49 percent agreed. Whaples today says that the New Deal remains a thorny issue for economists because it's so difficult to measure the effects it had on the country. "You need a credible model of the economy, and not everyone is going to agree on what that model should be," he says.

Yet most economists, including defenders of the New Deal, do agree that Roosevelt's policies were far from perfect. The National Industrial Recovery Act of 1933, in particular, gets a lot of blame. It created the National Recovery Administration, a federal bureaucracy that limited competition in various industries by setting prices and wages above market levels. The ensuing upward pressure on the price of goods and unemployment may have turned a bad situation worse. While it benefited some producers, the NRA's policies meant basic goods were more expensive for consumers and jobs harder to come by for people who were already in dire straits.

But the law was struck down by the Supreme Court in 1935, so some argue it did not last long enough to create severe damage. "The NIRA might not have been a good idea," says Eric Rauchway, historian at the University of California-Davis, "but it was not exerting enough of a drag to prevent a rapid rate of recovery. If you look at the economic performance of the 1930s, you see a rapid upward trend."

### **Fears of confiscation**

Just how rapid that trend was, though, depends on whom you ask. Except for a downturn in 1938 (historians still debate its origin), the economy and unemployment did improve after the onset of the New Deal. The country's real gross domestic product fell from \$865 billion in 1929 to \$635 billion in 1933 but rebounded to \$1 trillion by 1940.

The only hiccup was a decline from \$911 billion in 1937 to \$879 billion in 1938. But the percentage of jobless Americans remained in the double digits until the onset of World War II. In 1930, unemployment was at 8.7 percent, and it climbed to 24 percent in 1932 before declining to

15 percent by 1940. Jim Powell, author of *FDR's Folly: How Roosevelt and His New Deal Prolonged the Great Depression*, asks, "There was expansion, but how come you still had average unemployment of 17 percent from 1933 to 1940?"

One explanation is that in addition to the harm done by the restrictions imposed by the NRA, the "soak the rich" rhetoric coming from the Roosevelt administration had a chilling effect on economic growth by making people fear for their property rights. Who knows, maybe Uncle Sam would just start wholesale confiscation of the fortunes of America's wealthy or the nationalization of industries—Americans were already observing that going on across the pond with the rise of communism in Russia and fascism in Europe. This uncertainty, along with a jump in the top federal income tax rate from 25 percent in 1932 to 79 percent in 1936, may have deterred investment.

Whaples also points to the 1938 election, in which Democrats lost 72 seats in the House. While the Democrats retained majorities, these losses made it harder to pass their agenda and thus reduced the specter of "soak the rich" policies. "Investment almost immediately went up very strongly after that election, now that people weren't as worried about the New Dealers and threats to their property," Whaples says.

### **Relief projects**

Among other important New Deal measures were the relief projects, which came in the form of the Homeowners Loan Corp., which tried to reduce foreclosures by lowering mortgages (sound familiar?), and massive public-works projects intended to stimulate the economy by putting people to work. "Recovery was just one piece of the New Deal," Rauchway says. "Relief was another piece, and by all accounts it worked pretty well. It kept people from starving." He also notes that a decline in the relief programs was correlated with the downturn in 1938.

But Powell argues that these relief policies actually put a greater burden on the backs of the poorest in society, the opposite of what they intended. The income tax was not nearly as important then as it was today, so excise taxes on goods predominantly purchased by middle- and lower-class people were the main funding sources for these programs. "If you're just taking [money] from other middle- and low-income people, it's kind of a wash," Powell says. The federal government collected \$11.2 billion in revenue from excise taxes on goods like beer, wine, cigarettes, and soft drinks, while the most important work agency, the Works Progress Administration, spent \$6.2 billion throughout the New Deal.

### **A new social contract**

What complicates the debate, however, is that the attempt to alleviate the Great Depression isn't even the whole story of the New Deal. Gavin Wright, an economic historian at Stanford University, says "people make a mistake by interpreting the New Deal policies as a response to the Great Depression."

Under Wright's interpretation, the Great Depression merely catapulted the Democrats to power and allowed them to enact the policies they wanted anyway. He argues that the New Deal comes across much better if viewed in the light of the culmination of the efforts of the progressive movement. "The basics of the New Deal really set the terms of the social contract—reduction in inequality, status of labor unions, heavy investment in human capital and higher education."

Some elements of that legacy are not very controversial today. Rauchway points out that "very few people disapprove of most of the New Deal reforms," which include Social Security, the Securities and Exchange Commission, the Federal Deposit Insurance Corp., and Fannie Mae. Ultimately, then, the ongoing debate over the New Deal may be less about its empirical effects in

the 1930s and more about conflicting philosophies of the role of government.

Rauchway sees the idea of the New Deal as one to be praised. "[The idea was that] government should experiment very carefully around the margins with economic regulation, and you discard the things that don't work and keep the things that do."

Others see the failures of the NIRA and the massive expenditures required for public-works projects as signs that government should try not to tinker around the margins. "All those things did was transfer funds from one group of decision makers—consumers—to another—federal officials," Powell argues. Expect to see these disagreements resurface in debates about the response to today's economic troubles.

**Source:** <http://www.usnews.com/money/business-economy/articles/2008/04/11/did-the-new-deal-work.html>

#### Fresh Debate About FDR's New Deal

by Jim Powell

It has been 70 years since Franklin Delano Roosevelt launched his New Deal in an effort to banish the Great Depression of the 1930s -- perhaps the most important economic event in American history. The New Deal was controversial then, and it's still controversial, because it failed to resolve the most important problem of the era: chronic unemployment that averaged 17 percent.

*Newsweek* columnist Robert Samuelson acknowledged that if World War II hadn't come along, America might have stumbled through many more years of double-digit unemployment. Samuelson; however, is among those who give FDR high marks for handling the political crisis of the 1930s, the worst political crisis this country has faced since the Civil War.

But the political crisis was caused by the double-digit unemployment, and in my new book, *FDR's Folly, How Roosevelt and His New Deal Prolonged the Great Depression* (Crown Forum, 2003), I report mounting evidence developed by dozens of economists, at Princeton, Brown, Columbia, Stanford, the University of Chicago, University of Virginia, University of California (Berkeley) and other universities, that double-digit unemployment was prolonged by FDR's own New Deal policies.

How can that be? Consider just a few of FDR's policies. The New Deal tripled federal taxes between 1933 and 1940 -- excise taxes, personal income taxes, inheritance taxes, corporate income taxes, dividend taxes, excess profits taxes all went up, and FDR introduced an undistributed profits tax. A number of New Deal laws, including some 700 industrial cartel codes, made it more expensive for employers to hire people, and this discouraged hiring.

Frequent changes in the tax laws plus FDR's anti-business rhetoric ("economic royalists") discouraged people from making investments essential for growth and jobs. New Deal securities laws made it harder for employers to raise capital. FDR issued antitrust lawsuits against some 150 employers and companies, making it harder for them to focus on business. FDR signed a law ordering the break-up of America's strongest banks, with the lowest failure rates. New Deal farm policies destroyed food -- 10 million acres of crops and 6 million farm animals -- thereby wiping out farm jobs and forcing food prices above market levels for 100 million American consumers. *FDR's Folly* spells out much more in startling, sometimes hilarious detail.

Robert Bartley, who edited the *Wall Street Journal* for three decades and is now a commentator, called for a fresh debate about the New Deal. Newspaper publisher Conrad Black, author of *Franklin Delano Roosevelt, Champion of Freedom*, responded by claiming that if "workfare" recipients

were included among the "employed," then New Deal unemployment rates were lower than the U.S. Department of Labor has reported for decades. Those tempted to agree with Black might listen to jazz great Louis Armstrong's 1940 tune "The WPA" -- referring to FDR's biggest "workfare" program, the Works Progress Administration. Among the memorable lines: "Sleep while you work, rest while you play, lean on your shovel to pass the time away, at the WPA."

There's a fascinating split between economists and political historians about the New Deal. The idea that FDR cured double-digit unemployment, wrote author and commentator Thomas Sowell in a recent column, "was never pervasive among economists, and even J.M. Keynes -- a liberal icon -- criticized some of FDR's policies as hindering recovery from the depression."

Meanwhile, pro-FDR political historians such as James MacGregor Burns, Arthur M. Schlesinger, Jr., Frank Freidel, William Leuchtenburg, and Kenneth S. Davis, have focused on the personalities, elections, speeches, "Fireside Chats" and other aspects of the New Deal's political story, disregarding evidence about the economic consequences of New Deal policies. This continues to be the case with younger political historians like Alan Brinkley, author of *The End of Reform: New Deal Liberalism in Recession and War*, who called the New Deal "a bright moment." Disregarding the economic consequences, too, are children's book authors like Joy Hakim, whose recent bestseller *Freedom: A History of US* includes a glowing account of New Deal heroics.

Aside from *FDR's Folly*, the only major work mentioning evidence about the economic consequences of the New Deal is by Stanford University political historian David M. Kennedy: his 1999 book *Freedom from Fear*, winner of a Pulitzer Prize. "Whatever it was," he wrote, the New Deal "was not a recovery program." The New Deal might be gone, but the debate goes on.

Source: [http://www.cato.org/pub\\_display.php?pub\\_id=3327](http://www.cato.org/pub_display.php?pub_id=3327)

The Hundred Days and Beyond: What did the New Deal Accomplish? by Anthony Badger  
The Hundred Days were an accident. Roosevelt took advantage of the need to reopen the banks to ask Congress to stay in session to pass recovery and reform legislation. Much of that legislation was improvised. The haste dictated by the economic crisis profoundly shaped the New Deal response in the Hundred Days.

Despite the four months between election and inauguration, Roosevelt had few worked-out legislative or recovery plans. He certainly had no plans to deal with the rapidly escalating banking crisis. When he took office and shut the banks, he had to turn to held-over officials in the Treasury and Federal Reserve to dust off legislative proposals that they had devised in the Hoover years. The key was not more credit (the banks had had plenty of that) but recapitalization through the Reconstruction Finance Corporation buying preferred stock in the banks. It was still a tremendous gamble when the President went on the air on Sunday March 12 to explain the crisis and make a "man to man appeal" for confidence when the banks reopened the next day. The gamble paid off when people deposited more than they took out. There was no Plan B if that appeal failed.

The response to FDR's inaugural and from congressional leaders to his banking proposals encouraged him to ask Congress to stay in session. Eventually Congress passed an unprecedented sixteen pieces of major legislation. In the Hundred Days, the New Deal established a farm program that told farmers what they could and could not plant (the Agricultural Adjustment Administration), created an industrial recovery programme that set minimum prices and wages (the National Recovery Administration), launched the biggest public works program in the nation's history (Public Works Administration), set up national relief program (Federal Emergency

Relief Administration), refinanced farm and home mortgages, regulated the stock market and banking, guaranteed bank deposits, and established the Tennessee Valley Authority.

There was no great federal blueprint that FDR wanted to impose on the country. He really only had definite plans for farm policy, the Tennessee Valley and the Civilian Conservation Corps. Only when existing appropriations for relief were exhausted did he devise a temporary relief administration. Forty days into the Hundred Days there was no indication that there was to be an industrial recovery program – congressional action forced Roosevelt's hand over that and over public works spending.

There was much talk of the emergency as the equivalent of war and a justification for emergency presidential powers as in a time of war. Wartime agencies from 1917-18 served as model for agencies like the NRA. Many officials who had served in government then returned to Washington in 1933. But, in fact the emergency in 1933 led to constraints rather than opportunities for federal power. The government had to act quickly but there simply was not any established "state capacity" for the government to do so. The federal government, observed one historian, "had almost no institutional structure to which Europeans would accord the term 'the State'." It had neither the information nor the personnel to implement the policies launched in 1933. As a result, bankers themselves had to decide which banks were sound enough to reopen, farmers had to operate the crop control programme, businessmen dominated the formulation and the implementation of the NRA industrial codes, existing state agencies had to administer the relief programme, and the army had to organize the Civilian Conservation Corps.

Similarly, Roosevelt and others had a fatal attraction for one-off quick-fix solutions that would kick-start the economy into recovery without the permanent expansion of the bureaucracy and constant state intervention. Congressional "share the work" schemes, farm proposals for cost of production legislation, retrenchment, public works spending, and above all demands for currency inflation were all in this "start-up" mode. Roosevelt never lost the hope that tinkering with the currency – including the gold-buying experiment – would raise price levels, particularly of farm products and in itself bring recovery.

This concern for the domestic price-level fitted in with his main advisers' conviction that the depression was national in origin and would be solved by nationalist measures. These concerns finally knocked out of the reckoning an internationalist option at the London conference at the start of July. For men like FDR's budget director, Lewis Douglas, balancing the budget was one part of an international rescue package that involved exchange rate stabilization and the removal of trade barriers. Roosevelt believed that currency stabilization would tie his hands as he sought domestic recovery, so he scuppered the London conference.

Why did FDR get support for the banking bail-out and for the dramatic legislation of the Hundred Days? It was not just his communication skills both personally to congressional leaders and journalists and nationally to the radio audience. He was popular, he had been elected by a large majority, and he had survived an assassination attempt. Above all, it was the scale of the depression that made congressional leaders of both parties respond to their constituents' demands to support FDR. Unemployment was at least twenty-five percent, agriculture was devastated, and homeowners and farmers lost their homes and land in the thousands every month. None of the stabilizers that protect Americans nowadays were in place – almost no unemployment relief since private, local and state unemployment welfare funds were exhausted; no guarantee of bank deposits; no unemployment or old age insurance. FDR's opportunity lay in the magnitude of the economic downturn which led political leaders to ignore (temporarily) cherished ideological convictions against government intervention.

## **The Difficulties of Micro-Economic Intervention**

The National Recovery Administration did not bring recovery. In part, its failure reflected the contradictions of the New Dealers' analysis of economic failure. In some industries they wanted to check excessive competition which relentlessly fuelled the deflationary spiral: cutting wages and prices in a vain effort to undercut competitors. But their analysis of other industrial sectors was that large firms practiced the economics of scarcity, keeping prices artificially high. The codes of fair practice, drafted largely by trade associations which held a monopoly of information about their industries, did little to protect consumers, increase wages, or increase purchasing power. To small businessmen the codes seemed to protect their larger rivals. For industries in which a few firms already controlled most of the market, there was little incentive to concede to labor, consumers or potential new entrants. There were more than 500 codes which merely increased resentment of bureaucracy and efforts at code enforcement. Concentration, as originally envisaged on codes in a few central industries would have been better. But fundamentally, there was little in the NRA that would create new jobs. It probably checked the deflationary spiral but, if the hope was that public works spending would engineer expansion, then PWA spending could not work fast enough. Probably the biggest mistake was not to include government loans to business in the NRA which might have financed expansion. When the industrial recovery legislation was knocked down in 1935 it had few friends: the only attempts to sustain it were in coal mining.

The Agricultural Adjustment Administration was more politically and institutionally successful. Production control and price-support loans on stored commodities remained part of US farm programmes until 1996. Agriculture was the one area where there was 'state capacity' in 1933. The government had county by county production records; agricultural economists had devised a production control plan that was voluntary but provided incentives to offset the 'free rider' principle; and the Extension Service provided a network of agents in each rural county could sign up millions of individual farmers to participate. The farm program operated remarkably smoothly and quickly. Critics have claimed that drought, rather than government programmes, cut production, and that the AAA exacerbated rural poverty. Whatever its faults, the income it provided to farmers enabled them to survive on the land in the 1930s until non-farm opportunities arose after 1940. It eliminated many of the risks in farming and provided new sources of credit.

However, organized farm groups achieved political power in 1933 because their cooperation was essential to a voluntary farm program. This strengthening of farm interest groups meant that those groups would stand in the way in the future of plans to reorder American agriculture on a more efficient basis and in the way of solving the problems of rural poverty. New Dealers came to recognize that expanding urban consumer purchasing power, rather than supporting farm prices, was the solution to the farm problem. But by then farm pressure groups were too entrenched. Government support for agriculture became more and more generous (and less justifiable) as the number of people in farming declined.

## **The Longer-Term New Deal**

The longer-term New Deal reforms produced social cohesion in the United States and a faith in the federal government that would last until the 1960s.

Financial regulation of both banks and stock market in 1933 and 1934 heralded a lengthy period of financial stability, contained stock market speculation, and largely ended the spectres of bank failure.

From 1933 to 1938 the New Deal instituted reforms that would re-finance the mortgages of homeowners and farmers. They enabled debt-ridden property owners to take out longer-term mortgages and paved the way for a significant expansion of homeownership in the US, although the construction industry did not really start to revive until the late 1930s. The new mortgage arrangements helped the United States eventually to have the highest percentage of homeownership in the world. Farm foreclosures virtually stopped after 1933.

The failure to secure dramatic economic recovery meant that the government had to stay in the business of relief. The Federal Emergency Relief Administration funded state relief programs until 1935. In poor states the federal government put up almost 90% of relief money. Harry Hopkins always wanted to replace the dole with jobs. The Civil Works Administration put people to work temporarily in the winter of 1933-34. In 1935 the Works Progress Administration provided jobs for the unemployed – at its peak forty percent of the nation's jobless. Many WPA jobs were unskilled construction jobs, particularly on roads. They struggled to attain the legitimacy and wage rates of jobs in the private sector. But the WPA provided jobs for artists, middle-class professionals, teachers and students. The range of construction projects from housing projects to high schools to a football stadium at the University of Arkansas created a permanent New Deal landscape at the local level. The WPA showed that government job programmes can be creative and efficient. For all the limitations and conservative stereotyping, WPA jobs were the first indication for many Americans that the federal government took its responsibility for their welfare in an economic downturn seriously.

The Wagner Act of 1935 was perhaps the most remarkable piece of legislation of the whole New Deal. It is difficult to imagine another year in which such a pro-union piece of legislation could have been passed. Anti-union tactics had been largely unrestrained in the United States. The courts, local, and state governments had usually sided with employers. This alignment reflected the fact that in most communities in the United States, the middle class identified with the employer rather than with local strikers. American workers had been encouraged in union organization in the early New Deal, and had launched in 1934 an unprecedented, albeit mostly unsuccessful, wave of strikes. The Wagner Act, by outlawing a host of employer anti-union activities and providing for government-supervised worker elections for union recognition, provided vital protection for union organizers as they organized mass production workers for the first time in 1936 and 1937. Unions provided the radical cutting edge of New Deal politics in the late 1930s. The decade was perhaps the only decade in the twentieth century in which middle-class Americans identified with industrial workers as fellow consumers. From the 1940s onwards middle-class Americans tended to view organized labour as hostile to their interests.

The final cement in a positive relationship between ordinary Americans and their government was the 1935 Social Security Act. Like the Wagner Act, the Social Security Act did not herald a 'second New Deal'; rather it was the culmination of expert reform development and congressional study over a two-year period. The United States had been an "outlier," a "welfare laggard" in the western industrialized world before 1935. For all the limitations of the Social Security Act – regressive taxes, variations in state provision, lack of coverage of some of the neediest Americans, and the lack of health care – it nevertheless represented a quantum leap in social provision. The contributory taxes also ensured that its legacy was permanent. As Roosevelt rightly observed, no future Congress was going to take away benefits that their constituents believed they had paid for.

It was these measures above all that created a half-way political revolution in the United States and bound lower-income voters to the Democratic Party until at least the 1980s and made it the national majority party until the 1990s. But it was only a half-way revolution. FDR never created the unequivocally progressive party that he hoped for. In particular, the southern Democrats,



who had so enthusiastically supported the emergency New Deal, survived Roosevelt's attempt to reconstruct the party in the South. They were skeptical about the non-emergency, urban, labor-oriented direction of the New Deal which threatened traditional patterns of racial and economic dependency in the South. They would combine after 1938 with conservative Republicans in a bi-partisan coalition that would block efforts to extend the New Deal for the next quarter of a century. This constituted a powerful anti-statist coalition that stymied FDR's 1937-38 hopes of a Third New Deal which would have guaranteed social minima to all Americans through social housing, extended coverage of Social Security, health insurance, a full-scale rural poverty programme, and a commitment to full employment. That agenda remains unfulfilled.

### **Infrastructure**

The public works programmes (both the large-scale projects of the PWA and the smaller labor-intensive programs of the WPA) have tended to be treated as short-term palliatives aimed at temporary job creation. But the most recent study of New Deal public works spending concluded that it was an extraordinarily successful method of state-sponsored economic development.

The New Deal rebuilt the infrastructure of the United States when revenue-starved state governments could not do so. It rebuilt the road system (though FDR's dream of an interstate highway system would not be realized until 1956). It rescued American schools and universities. Long before federal aid to education, the New Deal built schools, paid teachers salaries, invested in capital projects in the universities, and paid students to stay on at school and college. Multi-purpose dams created cheap electrical power and managed water resource development.

Nowhere was this impact greater than in the Sunbelt. A new generation of younger southern politicians like Albert Gore and Lyndon Johnson could see what the Tennessee Valley Authority had done for a river valley — it could be model for modernizing the poorest region in the country. Like their western counterparts, they could see that abundant electrical power and readily available water could provide the key for industrial development and the diversification of agriculture. The federal government funded capital infrastructure projects in Sunbelt cities that had been funded a generation before in older northern cities by private capital. What southern and western politicians also believed was that their regional entrepreneurs need access to capital, access that an eastern-dominated financial system denied them. The Reconstruction Finance Corporation, under Texas banker Jesse Jones, provided that capital. It is difficult to conceive of the remarkable growth of the South and the West in World War II and after without that New Deal-funded infrastructure investment.

### **Conclusion**

The New Deal was a "laboratory for economic learning" in the 1930s. Given the state of government economic knowledge in the 1930s it is not surprising that government employees struggled to engineer recovery through micro-economic intervention. Economic historians and right-wing commentators blame the New Deal for prolonging the Depression by deterring private investment through excessive regulation and raising prices at the expense of jobs. While it is true that Roosevelt had not secured recovery by the time of the dramatic recession in 1937-38, it is also true that the spending afterwards did create new jobs. Government employment in the 1930s also compensated significantly for the failure to create new jobs in the private sector. Above all, it is difficult to see that a free market solution could have been imposed without massive social and anti-democratic unrest. For all the bitterness of opposition to Roosevelt and heightened class tensions in the US in the 1930s, the New Deal developed, especially through its welfare and jobs

programs, enough social cohesion to allow its democratic institutions to survive a catastrophic economic downturn intact and to fight a world war successfully. **Anthony Badger** is Paul Mellon Professor of American History at Cambridge University and Master of Clare College. He is the author of a number of books, most recently **FDR: The First Hundred Days** (Hill and Wang, 2008).

Source: [http://www.gilderlehrman.org/historynow/03\\_2009/historian3.php](http://www.gilderlehrman.org/historynow/03_2009/historian3.php)

### The New Deal, Then and Now

by Alan Brinkley

No president had ever before intervened in the economy as extensively or aggressively as Franklin Roosevelt did in the 1930s, and the sheer magnitude of his activism and his legislative achievements awed not only many Americans, but much of the world.

And yet this impressive array of achievements – achievements that have had a profound and lasting impact on the government's capacity to support and protect its citizens – did not, in the end, do very much to end the Great Depression. At no time in the first eight years of the New Deal did unemployment drop below fifteen percent. At no time did economic activity reach levels comparable to those a decade earlier, and none of the periods of recovery during the peacetime New Deal lasted very long. So what went wrong? Why did this bold, active, and creative moment in our history prove such a failure at its first and most important task? Part of the explanation was a result of actions the New Deal took, but a larger part of the explanation was a result of things the New Deal did not do.

Some of the New Deal's most important initiatives were, in fact, active obstacles to recovery. The National Recovery Administration, created in 1933 to help stabilize the volatile economy, was enormously popular for a time, mostly because the NRA created the illusion of bold and forceful action. The NRA sought to organize industries through "codes" that would allow corporations to cooperate with one another in keeping production low and prices up. The code authorities were almost impossible to administer, and the NRA was in many ways highly ineffective. But the NRA was even worse when it worked as it was supposed to do, because its goal was exactly the opposite of what the economy needed. Instead of expanding economic activity, the NRA worked to constrict it – artificially raising prices just as purchasing power was falling. It was a deflationary force in an economy already suffering severe deflation. The Federal Reserve Board – operating under classical economic assumptions – saw the economic wreckage around them and responded by raising interest rates so as to protect the solvency of the Federal Reserve Bank itself. No one today would even consider high interest rates in a deflationary economy, but the 1930s Fed had not absorbed the new economic ideas that were gradually receiving attention. Milton Friedman wrote (with Anna Schwartz) an essay on the Depression in the 1960s that they entitled "The Great Contraction." They placed much of the blame for this contraction on the flawed monetary policies of the Fed.

But the more important failure of the New Deal was what it did not do. The only way to break the economic deadlock that had paralyzed the American economy in the 1930s was to shock it back to life by enormously expanding economic activity – quickly and decisively. Instead, the New Deal wavered and quibbled – spending large sums of money with one hand while reducing spending with the other. One of the first acts Congress passed for Roosevelt in 1933 was the Economy Act, which slashed government spending in areas that helped reduce economic activity. It cut the salaries (and in some cases the jobs) of government employees, and it dramatically reduced payments to World War I veterans, taking \$500 million from the economy in a single stroke. The Social Security System, so valuable over the long term, was in the short term also a drag on the economy. It began collecting taxes in 1936 but paid out no benefits until the 1940s. In 1937, deluded by a weak economic recovery, Roosevelt (urged on by his Treasury Secretary) set

out to balance the budget through severe spending cuts. The result was a sudden and dramatic economic downturn – a recession within a Depression that produced some of the highest levels of unemployment and lowest levels of production of the decade.

In the aftermath of the 1937-1938 depression, Roosevelt launched a new \$5 billion spending plan to try to shock the economy back to life. This infusion of funds did help undo some of the damage that the 1937 budget cuts helped to create, but it only helped the economy recover to the weak and fragile condition of a year earlier. Nevertheless, the idea of spending as an antidote to recession – an idea that had never found much favor in the past even among the most progressive figures in the New Deal – now began slowly to find legitimacy. American economists were now eagerly reading Keynes and imagining more robust uses of fiscal and monetary powers to stimulate growth. It is possible, although by no means certain, that even without a war, the New Deal would have embarked on a spending program large enough to push the economy to somewhere close to full employment. But in the end, the Great Depression – an unprecedented crisis that had stubbornly resisted the efforts of two presidential administrations over twelve years to restore prosperity – came to an end only because of the massive and inevitable spending required by the greatest and most terrible war in human history.

Economic orthodoxy – which rested on the assumption of scarcity and gave high priority to balanced budgets and fiscal prudence – was a powerful force in the 1930s despite its failures, just as the rollicking and now staggering orthodoxy of free and unregulated markets is today. The great achievements of the New Deal helped pave the way to an understanding of how to address severe deflation, but it never itself came to a point where it could use the tools at its disposal aggressively and effectively enough or quickly enough. As the Obama administration tackles a new financial catastrophe, it makes sense to look at the history of the New Deal – as the President reportedly is doing. There is much to learn from it – not just from its achievements, but also from its failures.

Source: [http://www.gilderlehrman.org/historynow/03\\_2009/historian5.php](http://www.gilderlehrman.org/historynow/03_2009/historian5.php)

# The Effects of the New Deal

## MAIN IDEA

The Depression and the New Deal had many long-term effects on U.S. government and society.

## WHY IT MATTERS NOW

Politicians still debate how large a role government should play in American life.

## TERMS & NAMES

Securities and Exchange Commission

liberal  
conservative

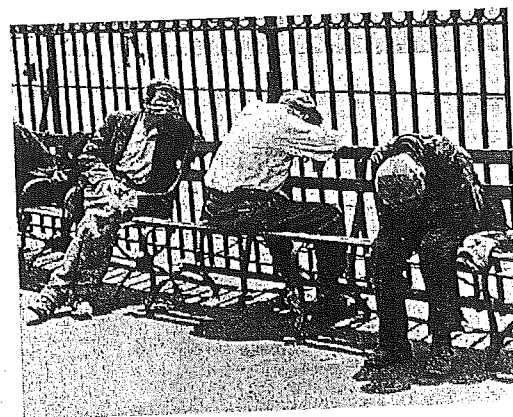
## ONE AMERICAN'S STORY

Until 1935, Ward James worked as a writer for a New York publisher. Then he lost his job. Eventually, he got a writing job with the WPA. Still, James continued to worry about what would happen next.

### A VOICE FROM THE PAST

Everyone was emotionally affected. We developed a fear of the future which was very difficult to overcome. Even though I eventually went into some fairly good jobs, there was still this constant dread: everything would be cut out from under you and you wouldn't know what to do.

Ward James, quoted in *Hard Times*



The fear and despair described by Ward James was felt by many unemployed people during the Depression.

As this section explains, both the Depression and the New Deal had lasting effects on Americans and their government.

## Taking Notes

Use your chart to take notes about the effects of the New Deal.

GREAT DEPRESSION		
Hoover's Responses	FDR's Responses	Citizens' Responses
Effectiveness	Effectiveness	Effectiveness

## Lasting Effects of the Depression

Americans like Ward James who lived through the Depression often saw themselves as the survivors of a terrible battle. For the rest of their lives, many feared losing their money and property again. One elderly government worker bought land whenever she could afford it so that if the Depression returned, she would "have something to live off."

Virginia Durr, who had worked for the federal government under FDR, said that the Depression affected people in two ways. "The great majority reacted by thinking money is the most important thing in the world. . . . And there was a small number of people who felt the whole system was lousy. You have to change it."

The New Deal did not end the Depression. Even with all the new programs, the government still wasn't spending enough money to jump-start a stalled economy. Then, in the 1940s, World War II changed the situation. To fight in that war, the government had to purchase guns,

tanks, ships, airplanes, and other military equipment. The defense industry hired many people, who then had more money to spend. The U.S. economy started growing again.

Although the New Deal didn't end the Depression, it forever changed the U.S. government. As Supreme Court justice John Clarke told FDR, "You have put a new face upon the social and political life of our country."

**"We developed  
a fear of the  
future."**

Ward James

### ReadingHistory

**A. Recognizing Effects** How did FDR increase the president's power?

## A Larger Role for Government

President Roosevelt increased the president's power. Under FDR, the White House became the center of government. More than other early-20th-century presidents, Roosevelt proposed bills and programs for Congress to consider instead of waiting for Congress to act.

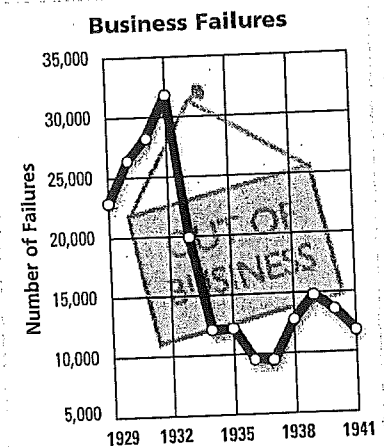
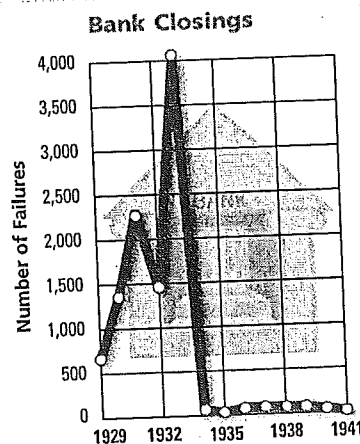
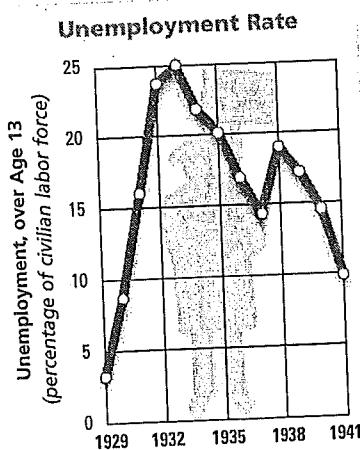
Other nations also saw the rise of strong leaders. But at the same time, those nations saw a loss of freedom. For example, during the Depression, Germany elected Adolf Hitler, who became a dictator. The United States did have some leaders who abused power—such as Huey Long—but they never became president. FDR's leadership and his concern for the poor helped Americans keep their faith in democracy.

As well as increasing the president's power, Roosevelt also expanded the federal government. Because of the New Deal, the federal government became directly responsible for people's well-being in a way it had not

### CONNECTIONS TO MATH

## Effects of the New Deal, 1929–1941

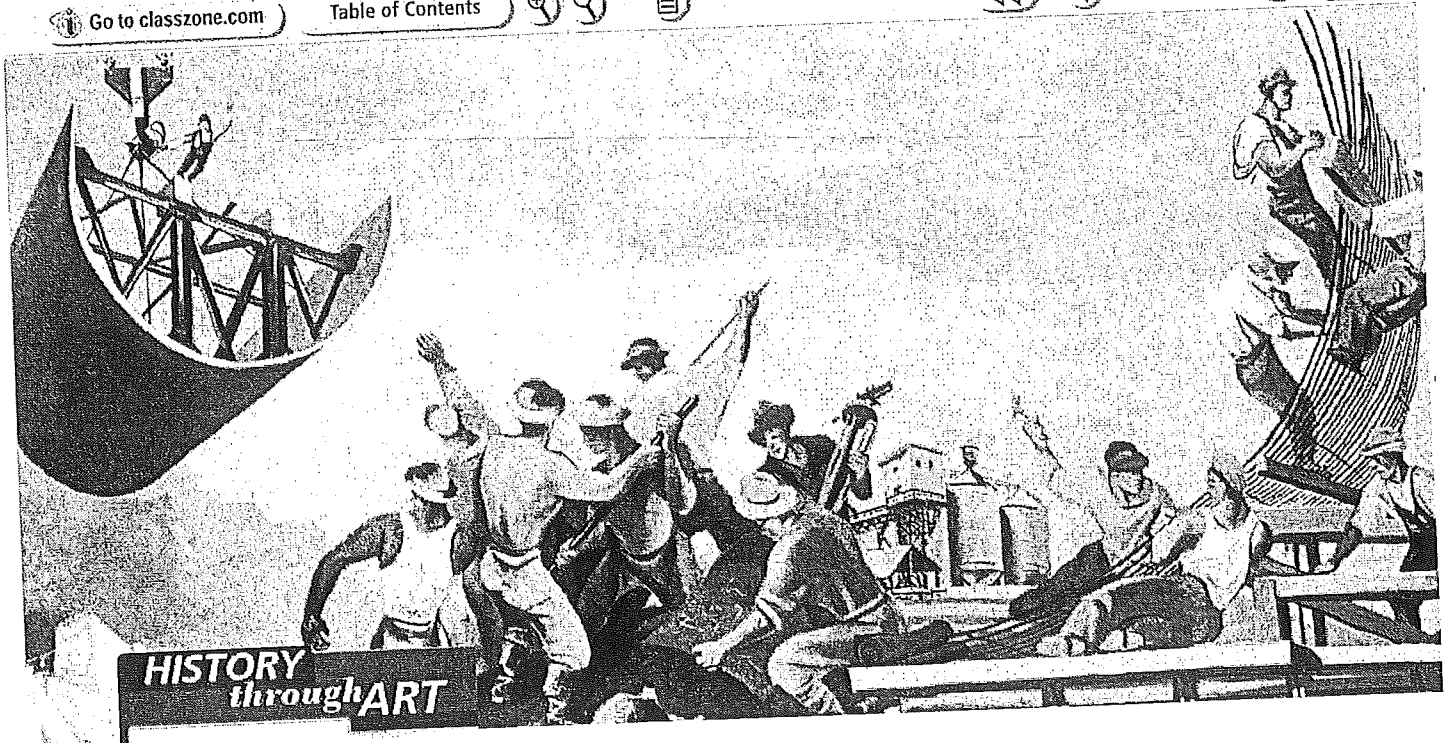
Although Franklin Roosevelt's New Deal programs did not end the Depression, they did make some economic conditions better. Use these graphs to determine how the New Deal—begun in 1933—affected the unemployment rate, the number of bank closings, and the number of business failures.



Sources: Historical Statistics of the United States

### SKILLBUILDER Interpreting Graphs

- Judging from these graphs, did the Depression's negative effects on business improve after FDR took office in 1933? Explain.
- In which area was there the biggest change for the better?



## HISTORY through ART

The Works Progress Administration (WPA) created many jobs. One of the WPA's most enduring legacies is the art that it commissioned. Much WPA art was used to decorate public places, such as post offices and government buildings. This mural by William Gropper shows the building of a dam.

**What attitude did Gropper want to convey about laborers?**

been before. It now made relief payments, served school lunches, and ran a program providing pensions. People came to see the federal government, not their state or local governments, as the protector of their welfare.

The federal government went into debt to provide this aid. FDR used deficit spending both to fund the New Deal and to pay for the war. Since then, deficit spending has often been part of the federal budget.

## New Deal Programs Today

Several of FDR's New Deal programs continue to help Americans today. Some of the more important programs that still exist offer the following benefits and protections.

1. **A National Pension System.** The Social Security system pays out old-age pensions (and has been expanded to include aid to other groups). It is funded through taxes on employers and employees.
2. **Oversight of Labor Practices.** Created by the Wagner Act, the National Labor Relations Board (NLRB) oversees labor unions. It also investigates disputes between management and labor.
3. **Agricultural Price Supports.** This program pays farmers to raise crops for domestic use rather than export. To receive payments, farmers must agree to limit the space they devote to certain crops.
4. **Protection for Savings.** After the bank holiday of 1933, the Federal Deposit Insurance Corporation (FDIC) was created. The FDIC insures bank deposits up to \$100,000. It replaces the deposits of individuals if banks close.
5. **Regulation of the Stock Market.** A federal agency called the Securities and Exchange Commission watches the stock market. It makes sure companies follow fair practices for trading stocks.

### Reading History

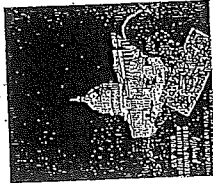
**B. Analyzing Causes** Why do you think FDR wanted to create an agency to oversee the stock market?

# Shaping New Deal. Work at how FDR's plans have shaped our society

AND REBECCA KAPLAN

\$22.54

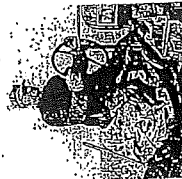
Amount of the first  
monthly Social Security  
check, issued to ita  
May Fuller in 1940



## SOCIAL SECURITY

**THE NEW DEAL**  
The Social Security Act of 1935 created the nation's first pension system for the elderly, funded by a payroll tax levied on employees and employers.

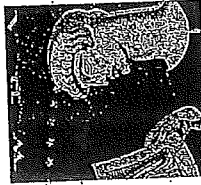
**TODAY**  
With baby boomers approaching retirement, the Social Security trust fund is running low. Obama's challenge: to maintain an overburdened system without privatizing it.



## AGRICULTURE

**THE NEW DEAL**  
To reduce surpluses that kept crop prices low, the Agricultural Adjustment Administration (AAA) was created in 1933 to pay farmers to keep some fields fallow. After the Supreme Court declared much of the law behind the AAA unconstitutional, Congress found new ways to continue subsidies.

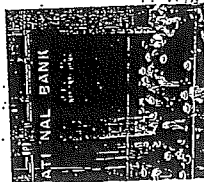
**TODAY**  
U.S. farmers receive some \$5 billion a year in subsidies that Barack Obama has called "wasteful spending."



## THE ARTS

**THE NEW DEAL**  
The Works Progress Administration (WPA) was home to a variety of programs that aided unemployed artists and writers, including Jackson Pollock and Richard Wright.

**TODAY**  
The National Endowment for the Arts was created in 1965. Controversies over "obscene" work in the 1980s and '90s led to reduced funding.

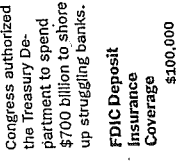


## BANKING

**THE NEW DEAL**  
The 1933 Glass-Steagall Act established the Federal Deposit Insurance Corporation (FDIC) to insure bank deposits and regulate some operating practices.

**TODAY**  
In October 2008, Congress authorized the Treasury Department to spend \$700 billion to shore up struggling banks.

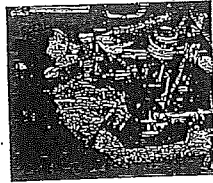
**FDIC Deposit Insurance Coverage**



Source: FDIC.gov

**'What a record they carved/  
After coming/  
half starved/  
To work on  
the F.W.P.'**

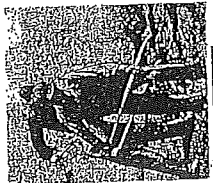
—FROM A POEM  
BY J.H. MORRIS  
ABOUT THE FEDERAL  
WRITERS' PROJECT,  
WHICH GAVE WORK  
TO WRITERS OF ALL  
KINDS



## LABOR

**THE NEW DEAL**  
The 1935 Wagner Act gave workers the right to form unions and bargain collectively. It also created the National Labor Relations Board (NLRB) to oversee union-certification votes and investigate unfair labor practices.

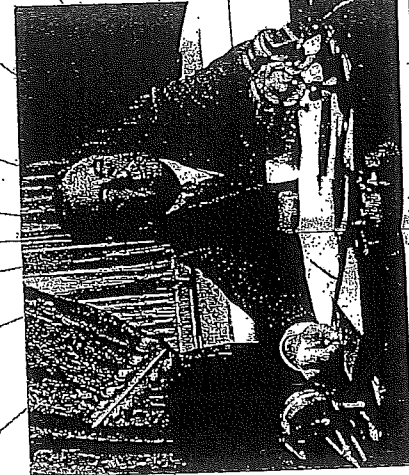
**TODAY**  
The NLRB remains a watchdog body, but the percentage of unionized laborers in the workforce has declined from a high of 27% in 1953 to 12% last year.



## ENVIRONMENT

**THE NEW DEAL**  
After taking office in 1933, FDR created the Civilian Conservation Corps (CCC) to "conserve our precious natural resources." In its nine years, the CCC employed more than 3 million men who planted trees and fought forest fires.

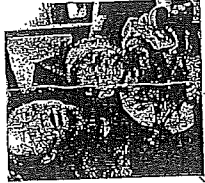
**TODAY**  
The CCC became the model for many existing state conservation corps as well as the Interior Department's new 21st Century Youth Conservation Corps.



Spreading the word  
FDR outlined the  
New Deal in a fireside  
chat on May 7,  
1933. Those talks  
later inspired the  
weekly presidential  
radio address

**'People don't  
eat in the long  
run—they eat  
every day.'**

—HARRY HOPKINS,  
F.D.R.'S WELFARE  
CHIEF, IN RESPONSE  
TO CLAIMS HE WAS  
NEGLECTING LONG-  
TERM RECOVERY



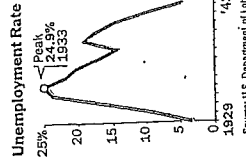
## WELFARE

**THE NEW DEAL**  
Whereas private charities previously took the lead in caring for the poor, the New Deal laid the foundation for the modern welfare state by establishing Aid to Dependent Children in 1935, the first federal program offering cash payments to the poor.

**TODAY**  
The Welfare Reform Act of 1996 transformed the system by imposing a five-year limit on assistance and requiring recipients to be engaged in a search for work.

**60 MILLION**

Articles of clothing  
and bedding  
that female WPA  
workers prepared  
for those in need in  
two years



Source: U.S. Department of Labor



## HOUSING

**THE NEW DEAL**  
The Depression was marked by unsound mortgages and nationwide foreclosures. The Federal Housing Administration was created in 1934 to insure mortgages and help people keep their homes.

**TODAY**  
The past decade saw the growth of risky mortgage practices that contributed to the financial meltdown. Obama announced in February that he would help families lower their monthly payments and refinance their mortgages.

## EMPLOYMENT

**THE NEW DEAL**  
Agencies like the WPA, formed in 1935, were established to create work for jobless Americans, whose numbers peaked at 12.8 million in 1933.

**TODAY**

May's unemployment rate of 9.4% was the highest in 26 years. Federal stimulus funds are intended to help create jobs but initially only slowed job losses.

## Mobilizing American for WWII

*In preparation for class you will be assigned one of the following topics:*

**Mobilizing Troop:** How did the United States mobilize (draft, attract, train, deploy) the military (both men & women) during WWII?

**Read:** pages 768-770 in your textbook. Start at "Americans Joins the War Effort/Stop at a Production Miracle".

**Mobilizing Industry & the Economy:** How did industry change and develop during the war to aid the war effort?

**Read:** 770-772 in your textbook. Start at "A Production Miracle/Stop at Mobilization of Scientists".

**Mobilization of Science, Technology and Weapons:** What new weapons were created and what technological, as well as scientific advances were made as a result of the war effort?

**Read:** Handout - the Enlistment of Science.

**Mobilization of Women:** How were women mobilized for the war effort?

**Read:** Handout - Women

**Mobilization of the Federal Government and the Economy:** What role did the Federal Government take in regulating the economy to support the war effort? (think agencies and programs).

**Read:** 773-774 in your textbook. Start at "Federal Government Takes Control".

### Homework

1. Read your assigned portion.
2. Answer the question(s) that relate to your topic. Answers should be at least 4 sentences in length. Add any additional information you feel is important to understand your topic.
3. Create a sign (regular 8.5 x 11) piece of paper, that has the name of your topic (clear and large enough to see well) and includes visual representations that explain/demonstrate your topic. **Ultimately, your visual representation should highlight how WWII is an example of collectivism.**



Name: \_\_\_\_\_

JS 32  
World War Two

## MOBILIZING AMERICA FOR WORLD WAR II

Topic	Basic Information (the how, why & what happened)	How does _____ demonstrate a continued shift towards collectivism?
Mobilizing Troops		
Mobilizing Industry & the Economy		

Topic	Basic Information (the how, why & what happened)	How does _____ demonstrate a continued shift towards collectivism?
Mobilization of Science, Technology & Weapons		
Mobilization of Women		
Mobilization of the Federal Government and the Economy		

Name: \_\_\_\_\_.

US32

### **The 3 C's of the 1950s Stations Activity**

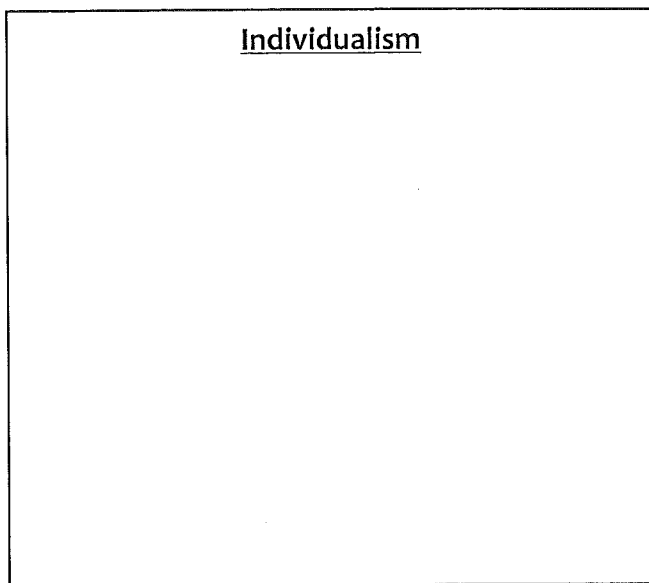
In this stations activity you will examine 5 C's of the 1950s: Cold War Culture, , Community & Consumerism. Unlike previous periods of time we've studied, the 1950s is a combination of individualism AND collectivism. The goal of this activity is to determine how that can be true. By the end of the 5 stations you are to answer the following question:

How have the definitions of individualism & collectivism changed?

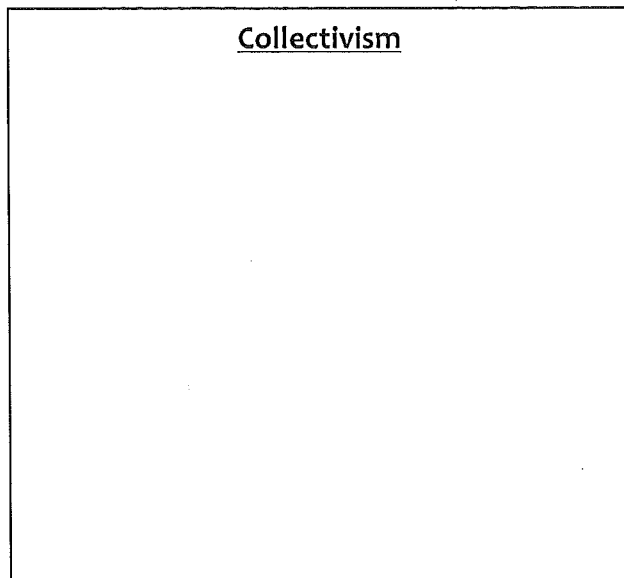
<b>"C"</b>	<b>How does this "C" demonstrate individualism?</b>	<b>How does this "C" demonstrate collectivism?</b>
<b>Cold War Culture</b>		
<b>Consumerism</b>		
<b>Community – The Suburbs!</b>		

How have the definitions of individualism & collectivism changed?

Individualism



Collectivism



## From The Other America

1962

Tom Hayden, the leader of Students for a Democratic Society (SDS), claimed that the socialist and writer Michael Harrington (1928-1989) was almost the only person over 30 trusted by his generation. Like SDS members and other 1960s New Leftists, Harrington challenged the rhetoric of New Deal liberals. In 1958 John Kenneth Galbraith's *The Affluent Society* had expressed the tenets of this liberalist prosperity. Responding to Galbraith, the economist Leon Keyserling noted that a quarter of American families had annual incomes of less than \$4,000. The *Commentary* editor Anatole Shub asked Harrington to write on poverty, and Harrington developed his articles into *The Other America*.

Confronting America's blind faith in its continued economic growth, the book examines the failure of New Deal legislation and compares poverty in the 1960s and the 1930s. It describes "the strangest poor in the history of mankind"—25 percent of America's population. This statistic, Harrington says, should prompt outrage. Although the poverty gap was widening, he insists that the dream of abolishing poverty is within reach. He defines poverty absolutely, in terms of what America could be, noting that his standard of comparison is "not how much worse things used to be," but "how much better they could be if only we were stirred."

The book was read by millions. President Kennedy's economic adviser gave him a copy and in November 1963 Kennedy launched his "war on poverty." Announcing the Economic Opportunity Act of 1964, President Johnson echoed Harrington's belief: "for the first time in our history, it is possible to conquer poverty." Harrington was appointed to work with the Office of Economic Opportunity. But increased government spending barely covered the Vietnam war. The "war on poverty" was funded at less than one percent of the federal budget. Harrington went on to found the Democratic Socialist Organizing Committee, serving as chair from 1973 until he died in 1989. At one point he shared the post with the social critic Barbara Ehrenreich, who lived in the "other America" while researching her book *Nickel and Dimed* (2001). Harrington was an influence on Ehrenreich, but she insisted in a recent interview: "I wanted to do something very different, something that didn't include the notion of 'the other.' I was never comfortable with Harrington's idea that the poor are 'different.'"

This book is a description of the world in which these people live; it is about the other America. Here are the unskilled workers, the migrant farm workers, the aged, the minorities, and all the others who live in the economic under-

world of American life. In all this, there will be statistics, and that offers the opportunity for disagreement among honest and sincere men. I would ask the reader to respond critically to every assertion, but not to allow statistical quibbling to obscure the huge, enormous, and intolerable fact of poverty in America. For, when all is said and done, that fact is unmistakable, whatever its exact dimensions, and the truly human reaction can only be outrage. As W. H. Auden wrote:

Hunger allows no choice  
To the citizen or the police;  
We must love one another or die.

The millions who are poor in the United States tend to become increasingly invisible. Here is a great mass of people, yet it takes an effort of the intellect and will even to see them . . .

That the poor are invisible is one of the most important things about them. They are not simply neglected and forgotten as in the old rhetoric of reform; what is much worse, they are not seen.

One might take a remark from George Eliot's *Felix Holt* as a basic statement of what this book is about:

there is no private life which has not been determined by a wider public life, from the time when the primeval milkmaid had to wander with the wanderings of her clan, because the cow she milked was one of a herd which had made the pasture bare. Even in the conservatory existence where the fair Camellia is sighed for by the noble young Pineapple, neither of them needing to care about the frost or rain outside, there is a nether apparatus of hot-water pipes liable to cool down on a strike of the gardeners or a scarcity of coal.

And the lives we are about to look back upon do not belong to those conservatory species; they are rooted in the common earth, having to endure all the ordinary chances of past and present weather.

Forty to 50,000,000 people are becoming increasingly invisible. That is a shocking fact. But there is a second basic irony of poverty that is equally important: if one is to make the mistake of being born poor, he should choose a time when the majority of the people are miserable too.

J. K. Galbraith develops this idea in *The Affluent Society*, and in doing so defines the "newness" of the kind of poverty in contemporary America. The old poverty, Galbraith notes, was general. It was the condition of life of an entire society, or at least of that huge majority who were without special skills or the luck of birth. When the entire economy advanced, a good many of these people gained higher standards of living. Unlike the poor today, the majority poor of a generation ago were an immediate (if cynical) concern of political leaders.

The old slums of the immigrants had the votes; they provided the basis for labor organizations; their very numbers could be a powerful force in political conflict. At the same time the new technology required higher skills, more education, and stimulated an upward movement for millions.

Perhaps the most dramatic case of the power of the majority poor took place in the 1930's. The Congress of Industrial Organizations literally organized millions in a matter of years. A labor movement that had been declining and confined to a thin stratum of the highly skilled suddenly embraced masses of men and women in basic industry. At the same time this acted as a pressure upon the Government, and the New Deal codified some of the social gains in laws like the Wagner Act. The result was not a basic transformation of the American system, but it did transform the lives of an entire section of the population.

In the thirties one of the reasons for these advances was that misery was general. There was no need then to write books about unemployment and poverty. That was the decisive social experience of the entire society, and the apple sellers even invaded Wall Street. There was political sympathy from middle-class reformers; there were an élan and spirit that grew out of a deep crisis.

Some of those who advanced in the thirties did so because they had unique and individual personal talents. But for the great mass, it was a question of being at the right point in the economy at the right time in history, and utilizing that position for common struggle. Some of those who failed did so because they did not have the will to take advantage of new opportunities. But for the most part the poor who were left behind had been at the wrong place in the economy at the wrong moment in history.

These were the people in the unorganizable jobs, in the South, in the minority groups, in the fly-by-night factories that were low on capital and high on labor. When some of them did break into the economic mainstream—when, for instance, the CIO opened up the way for some Negroes to find good industrial jobs—they proved to be as resourceful as anyone else. As a group, the other Americans who stayed behind were not originally composed primarily of individual failures. Rather, they were victims of an impersonal process that selected some for progress and discriminated against others.

Out of the thirties came the welfare state. Its creation had been stimulated by mass impoverishment and misery, yet it helped the poor least of all. Laws like unemployment compensation, the Wagner Act, the various farm programs, all these were designed for the middle third in the cities, for the organized workers, and for the upper third in the country, for the big market farmers. If a man works in an extremely low-paying job, he may not even be covered by social security or other welfare programs. If he receives unemployment compensation, the payment is scaled down according to his low earnings.

One of the major laws that was designed to cover everyone, rich and poor,

was social security. But even here the other Americans suffered discrimination. Over the years social security payments have not even provided a subsistence level of life. The middle third have been able to supplement the Federal pension through private plans negotiated by unions, through joining medical insurance schemes like Blue Cross, and so on. The poor have not been able to do so. They lead a bitter life, and then have to pay for that fact in old age.

Indeed, the paradox that the welfare state benefits those least who need help most is but a single instance of a persistent irony in the other America. Even when the money finally trickles down, even when a school is built in a poor neighborhood, for instance, the poor are still deprived. Their entire environment, their life, their values, do not prepare them to take advantage of the new opportunity. The parents are anxious for the children to go to work; the pupils are pent up, waiting for the moment when their education has complied with the law.

Today's poor, in short, missed the political and social gains of the thirties. They are, as Galbraith rightly points out, the first minority poor in history, the first poor not to be seen, the first poor whom the politicians could leave alone....

Even more explosive is the possibility that people who participated in the gains of the thirties and the forties will be pulled back down into poverty. Today the mass-production industries where unionization made such a difference are contracting. Jobs are being destroyed. In the process, workers who had achieved a certain level of wages, who had won working conditions in the shop, are suddenly confronted with impoverishment. This is particularly true for anyone over forty years of age and for members of minority groups. Once their job is abolished, their chances of ever getting similar work are very slim.

It is too early to say whether or not this phenomenon is temporary, or whether it represents a massive retrogression that will swell the numbers of the poor. To a large extent, the answer to this question will be determined by the political response of the United States in the sixties. If serious and massive action is not undertaken, it may be necessary for statisticians to add some old-fashioned, pre-welfare-state poverty to the misery of the other America.

Poverty in the 1960's is invisible and it is new, and both these factors make it more tenacious. It is more isolated and politically powerless than ever before. It is laced with ironies, not the least of which is that many of the poor view progress upside-down, as a menace and a threat to their lives. And if the nation does not measure up to the challenge of automation, poverty in the 1960's might be on the increase.

### Johnson's War on Poverty

"If we can raise the annual earnings of 10 million among the poor by only \$1,000 we will have added \$14 billion a year to our national output. In addition we can make important reductions in public-assistance payments, which now cost us \$4 billion a year, and in the large costs of fighting crime and delinquency, disease and hunger.

This is only part of the story. Our history has proved that each time we broaden the base of abundance; giving more people the chance to produce and consume, we create new industry, higher production, increased earnings, and better income for all. Giving new opportunity to those who have little will enrich the lives of all the rest.

Because it is right, because it is wise, and because, for the first time in our history, it is possible to conquer poverty, I submit, for the consideration of the Congress and the country, the Economic Opportunity Act of 1964. The act does not merely expand old programs or improve what is already being done. It charts a new course. It strikes at the causes, not just the consequences of poverty. It can be a milestone in our 180-year search for a better life for our people.

This act provides five basic opportunities: It will give almost half a million underprivileged young Americans the opportunity to develop skills, continue education, and find useful work; it will give every American community the opportunity to develop a comprehensive plan to fight its own poverty--and help them to carry out their plans; it will give dedicated Americans the opportunity to enlist as volunteers in the war against poverty; it will give many workers and farmers the opportunity to break through particular barriers which bar their escape from poverty; it will give the entire nation the opportunity for a concerted attack on poverty through the establishment, under my direction, of the Office of Economic Opportunity, a national headquarters for the war against poverty.

This is how we propose to create these opportunities:

First, we will give high priority to helping young Americans who lack skills, who have not completed their education, or who cannot complete it because they are too poor. The years of high school and college-age are the most critical stage of a young person's life. If they are not helped then, many will be condemned to a life of poverty which they, in turn, will pass on to their children.

I therefore recommend the creation of a Job Corps, a work-training program, and a work-study program. A new national Job Corps will build toward an enlistment of 100,000 young men. They will be drawn from those whose background, health, and education make them least fit for useful work. Those who volunteer will enter more than 100 camps and centers around the country. Half of these young men will work, in the first year, on special conservation projects to give them education, useful work experience, and to enrich the natural resources of the country. Half of these young men will receive, in the first year, a blend of training, basic education, and work experience in job-training centers.

These are not simply camps for the underprivileged. They are new educational institutions, comparable in innovation to the land-grant colleges. Those who enter them will emerge better qualified to play a productive role in American society.

A new national work-training program operated by the Department of Labor will provide work and training for 200,000 American men and women between the ages of sixteen and twenty-one. This will be developed through state and local governments and nonprofit agencies. Hundreds of thousands of young Americans badly need the

experience, the income, and the sense of purpose which useful full or part-time work can bring. For them such work may mean the difference between finishing school or dropping out. Vital community activities from hospitals and playgrounds to libraries and settlement houses are suffering because there are not enough people to staff them. We are simply bringing these needs together.

A new national work-study program operated by the Department of Health, Education, and Welfare will provide federal funds for part-time jobs for 140,000 young Americans who do not go to college because they cannot afford it. There is no more senseless waste than the waste of the brainpower and skill of those who are kept from college by economic circumstance. Under this program they will, in a great American tradition, be able to work their way through school. They and the country will be richer for it."

How does Johnson seek to improve America? Be specific

What will he do during his presidency?

How will this help him achieve his goals? How does it fight poverty?



## What Was Really Great About The Great Society

By Joseph A. Califano Jr.

If there is a prize for the political scam of the 20th century, it should go to the conservatives for propagating as conventional wisdom that the Great Society programs of the 1960s were a misguided and failed social experiment that wasted taxpayers' money.

Nothing could be further from the truth. In fact, from 1963 when Lyndon Johnson took office until 1970 as the impact of his Great Society programs were felt, the portion of Americans living below the poverty line dropped from 22.2 percent to 12.6 percent, the most dramatic decline over such a brief period in this century. Since then, the poverty rate has hovered at about the 13 percent level and sits at 13.3 percent today, still a disgraceful level in the context of the greatest economic boom in our history. But if the Great Society had not achieved that dramatic reduction in poverty, and the nation had not maintained it, 24 million more Americans would today be living below the poverty level.

This reduction in poverty did not just happen. It was the result of a focused, tenacious effort to revolutionize the role of the federal government with a series of interventions that enriched the lives of millions of Americans. In those tumultuous Great Society years, the President submitted, and Congress enacted, more than 100 major proposals in each of the 89th and 90th Congresses. In that era of do-it-now optimism, government was neither a bad man to be tarred and feathered nor a bag man to collect campaign contributions, but an instrument to help the most vulnerable in our society.

What has the verdict been? Did the programs we put into place in the 1960s vindicate our belief in the responsibility and capacity of the national government to achieve such ambitious goals or do they stand as proof of the government's inability to effect dramatic change that helps our people?

### A Fair Start

The Great Society saw government as providing a hand up, not a handout. The cornerstone was a thriving economy (which the 1964 tax cut sparked); in such circumstances, most Americans would be able to enjoy the material blessings of society. Others would need the kind of help most of us got from our parents: health care, education and training, and housing, as well as a nondiscriminatory shot at employment to share in our nation's wealth.

Education and health were central to opening up the promise of American life to all. With the 1965 Elementary and Secondary Education Act, the Great Society for the first time committed the federal government to helping local school districts. Its higher education legislation, with scholarships, grants, and work-study programs, opened college to any American with the necessary brains and ambition, however thin daddy's wallet or empty mommy's purse. Bilingual education, which today serves one million individuals, was designed to teach Hispanic youngsters subjects like math and history in their own language for a couple of years while they learned English, so they would not fall behind. Special education legislation has helped millions of children with learning disabilities...

The impact of the Great Society's health programs has been stunning. In 1963, most elderly Americans had no health insurance. Few retirement plans provided any such coverage. The poor had little access to medical treatment until they were in critical condition. Only wealthier Americans could get the finest care, and only by traveling to a few big cities like Boston or New York.

Is revolution too strong a word? Since 1965, 79 million Americans have signed up for Medicare. In 1966, 19 million were enrolled; in 1998, 39 million. Since 1966, Medicaid has served more than 200 million needy Americans. In 1967, it served 10 million poor citizens; in 1997, 39 million. The 1968 Heart, Cancer and Stroke legislation has provided funds to create centers of medical excellence in just about every major city from Seattle to Houston, Miami to Cleveland, New Orleans to St. Louis. To staff

these centers, the 1965 Health Professions Educational Assistance Act provided resources to double the number of doctors graduating from medical schools, from 8,000 to 16,000. That Act also increased the pool of specialists and researchers, nurses, and paramedics. Community health centers, also part of the Great Society health care agenda, today serve almost eight million Americans annually. The Great Society's commitment to fund basic medical research lifted the National Institutes of Health to unprecedented financial heights, seeding a harvest of medical miracles.

Closely related to these health programs were efforts to reduce malnutrition and hunger. Today, the Great Society's food stamp program helps feed more than 20 million men, women, and children in more than 8 million households. Since it was launched in 1967, the school breakfast program has provided a daily breakfast to nearly 100 million schoolchildren.

Taken together, these programs have played a pivotal role in recasting America's demographic profile. In 1964, life expectancy was 66.6 years for men and 73.1 years for women (69.7 years overall). In a single generation, by 1997, life expectancy jumped 10 percent: for men, to 73.6 years; for women, to 79.2 years (76.5 years overall). The jump was highest among the less advantaged, suggesting that better nutrition and access to health care have played an even larger role than medical miracles. Infant mortality stood at 26 deaths for each 1,000 live births when LBJ took office; today it stands at only 7.3 deaths per 1,000 live births, a reduction of almost 75 percent.

Great Society contributions to racial equality were not only civic and political. In 1960, black life expectancy was 63.6 years, not even long enough to benefit from the Social Security taxes that black citizens paid during their working lives. By 1997, black life expectancy was 71.2 years, thanks almost entirely to Medicaid, community health centers, job training, food stamps, and other Great Society programs. In 1960, the infant mortality rate for blacks was 44.3 for each 1,000 live births; in 1997, that rate had plummeted by two-thirds, to 14.7. In 1960, only 20 percent of blacks completed high school and only 3 percent finished college; in 1997, 75 percent completed high school and more than 13 percent earned college degrees.

What is Johnson's "Great Society" vision?

How did he seek to achieve this vision? Be specific!!

Education?

Health Insurance?

Racial Equality?

Poverty?

What is the author's argument about the impact of Johnson's programs

# War on Poverty

✱ *Dictionary of American History, 2003*  
From U.S. History in Context

**WAR ON POVERTY.** Stemming from a decision made in November 1963 to pursue a legislative agenda that economic advisers to President John F. Kennedy had planned, the War on Poverty consisted of a series of programs in the areas of health, education, and welfare that Congress passed in 1964 and 1965. When President Lyndon Johnson declared an "unconditional war on poverty" in his 1964 State of the Union address, he referred to federal aid to education and medical care for the elderly as important parts of that war. Although these measures passed in 1965, an omnibus act, prepared by a special task force of President Johnson's Council of Economic Advisers, became the legislative vehicle most closely associated with the War on Poverty. The House Education and Labor Committee began to consider this legislation, known as the Economic Opportunity Act (EOA), in April 1964, and the measure passed Congress that August.

## The OFFICE OF ECONOMIC OPPORTUNITY

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Run as part of the Executive Office of the president and directed by Sargent Shriver, a brother-in-law of President Kennedy, the Office of Economic Opportunity (OEO) served as the bureaucratic center for the war. Shriver's Office of Economic Opportunity contained assistant directors for each of the three most important components of the Economic Opportunity Act. The JOB CORPS, the first of these components, based on New Deal models such as the CIVILIAN CONSERVATION CORPS, recruited 10,000 people by 30 June 1965 to receive vocational training in urban training centers, frequently located on abandoned military bases, or in smaller conservation camps managed by the Agriculture and Interior departments. The conservation camps stressed the value of discipline and physical labor in rural settings such as forests and recreational areas.

By the end of 1966, the Job Corps encountered serious opposition in Congress. Training inner-city youths for meaningful jobs turned out to be an expensive and difficult task. The fact that some Job Corps trainees committed crimes and that a riot erupted at one Job Corps training center added to the negative publicity. Nonetheless, the program survived as a public-private partnership run by the Department of Labor. Between 1966 and 2000, the program served more than 1.9 million disadvantaged young people.

The COMMUNITY ACTION PROGRAM, the second of the important components of the Office of Economic Opportunity, functioned as a grant program from the federal government to local Community Action Agencies. These local agencies, either private or governmental organizations, had the assignment of mobilizing the resources of a given area and using them to plan and coordinate an attack on the causes of poverty. Part of their mission was to involve local residents in the decision making process. After urban riots in the Los Angeles neighborhood of Watts in the summer of 1965, Congress began to question the efficacy of the Community Action Program. President Johnson also began to distance himself from the program, particularly after receiving complaints from local politicians that local Community Action Agencies were operating as centers to organize political movements in opposition to the incumbent mayors and city council members. In 1967, Representative Edith Green (D-Oregon) helped to save the Community Action Program

by offering a successful amendment that placed all of the more than 1,000 community action agencies under the control of local or state governments.

Although the Community Action Agencies were intended to function as local laboratories for reform, the OEO fostered "national emphasis" programs, designed to be adopted across the country. The most influential of these programs was HEAD START, launched in the summer of 1965. Head Start grew into a permanent program with its own funding stream and provided education, health, and nutritional services to more than 18 million low-income preschool children. Begun as a six-week summer program with a budget of \$96 million, Head Start became a nine-month school-year program with an allocation of nearly \$5.3 billion in fiscal year 2000.

Volunteers in Service to America (VISTA), the third important part of the OEO, resembled the Peace Corps that had been established in the Kennedy administration and, like the War on Poverty, headed by Sargent Shriver. The program allowed the federal government to recruit, train, and fund volunteers who would spend a year living among the poor and working on antipoverty projects in both urban and rural areas. By June 1968, 5,000 VISTA volunteers were in the field, working on 447 projects in every state except Mississippi. As with Head Start and the Job Corps, this program survived, so that between 1965 and the end of the century some 120,000 Americans performed national service as VISTA volunteers.

## Other War on Poverty Components

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Beyond these three core programs run by the OEO, the Department of Labor administered the Neighborhood Youth Corps, authorized by the Economic Opportunity Act (EOA) of 1964 and designed to keep needy students in school by offering them such incentives as a stipend, work experience, and "attitudinal" training. Another part of the War on Poverty, run by the Department of Agriculture, provided for loans to low-income farm families for business initiatives and attempted to improve the living conditions of migrant farm workers. Still other components of the EOA were designed to mesh with the rehabilitation services offered to welfare beneficiaries and authorized by the 1962 Public Welfare Amendments.

The most important and effective measures of the War on Poverty, not included in the EOA, provided federal funds for the education of children in low-income families (Title I of the Elementary and Secondary Education Act of 1965) and for the medical care of elderly individuals and individuals on welfare (MEDICARE AND MEDICAID, created by the SOCIAL SECURITY Amendments of 1965). These programs, the outgrowth of legislative battles that had raged throughout the 1950s, enjoyed more support in Congress and received far more funding than did the programs authorized by the Economic Opportunity Act. Significant expansions of the Social Security program in 1968 and 1969 worked far more effectively to lower the poverty rate among the nation's elderly than did all of the components of the Economic Opportunity Act combined.

Even by 1966, it became apparent that legislators in Congress favored certain programs, such as Head Start, over other antipoverty programs, such as the Community Action Program. As a consequence, Congress earmarked funds for Head Start at the expense of Community Action and the Job Corps. During the second Nixon administration, Congress replaced the Office of Economic Opportunity with the Community Services Administration and hastened the process in which favored parts of the antipoverty program were exported to established executive agencies, such as the Department of Health, Education, and Welfare. In 1981 the Reagan administration abolished the Community Services Administration, leaving only individual programs such as legal services and Head Start as the bureaucratic survivors of the War on

## Poverty.

Three years later, Charles Murray, an analyst in a conservative think tank, published *Losing Ground*, in which he argued that the antipoverty programs of the 1960s ended up increasing the rate of poverty, rather than eradicating poverty. Murray's book precipitated a national debate over the efficacy of the War on Poverty and GREAT SOCIETY programs at a time when the Reagan administration made concerted efforts to cut government spending for social welfare purposes. President Ronald Reagan himself distinguished between the programs of the New Deal, which he deemed effective, and the programs of the Great Society that featured a War on Poverty in which, according to Reagan, poverty won.

The creators of the War on Poverty had hoped to create a flexible approach that would allow local communities to experiment with what worked best. Although such an approach failed to materialize, the Office of Economic Opportunity sponsored important research into the causes of poverty and the best means of alleviating it. The economists in the Division of Research, Planning and Evaluation viewed the poverty legislation as an avenue for policy evaluation and research. Hence, it seemed natural to them to test the notion of a guaranteed income that would be paid both to the working and the nonworking poor, to families headed by women, and to "intact" families that contained both a father and a mother living at home. In a remarkable development, the economists secured approval to conduct one of the largest social experiments in the nation's history, undertaken in the late 1960s and 1970s and known as the NEGATIVE INCOME TAX Experiments. These experiments yielded valuable data on the effects of social programs on people's behavior and in particular on how the receipt of income from the government affected labor supply and such crucial life decisions as whether to marry.

The War on Poverty, then, failed to end poverty and raised questions about the federal government's ability to provide effective social services. At the same time, it spawned several programs, notably Head Start, that have withstood the test of time and been evaluated as an effective means of improving educational performance. Furthermore, the era of the War on Poverty witnessed the passage of programs such as Medicare that have become enduring parts of American life and improved the access of Americans to health care and other vital services.

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### MARKETS

# Government Bailouts: A U.S. Tradition Dating to Hamilton

By MICHAEL M. PHILLIPS

Updated Sept. 20, 2008 12:01 a.m. ET

The bubble pops. Lenders freeze. Depositors lose faith. Panic spreads. And the government steps in because nobody else will.

Today it is Treasury Secretary Henry Paulson and Federal Reserve Chairman Ben Bernanke putting together the rescue package for a financial system rocked by falling home prices and a wave of defaults on subprime mortgages.

But a short walk through U.S. history demonstrates the point made by Alex J. Pollock of the American Enterprise Institute: "If you would like an empirical law of government behavior, it is that in a panic or threatened financial collapse, governments intervene -- every government, every party, every country, every time."

### The Panic of 1792

The nation's first president was in his first term when the U.S. ran into its first financial panic.

In 1791, the federal government assumed obligations that such states as Massachusetts and South Carolina owed from the Revolutionary War, part of a larger deal that included moving the national capital from New York to Philadelphia to Washington. Taking on the states' obligations added about \$18 million to a total U.S. domestic debt of \$65 million -- debt securities that proved attractive to financial speculators.

Primary among them was William Duer, a well-connected New York businessman who schemed to start a New York bank to drive down the price of Bank of New York stock and win control of BONY on the cheap. He and his colleagues also intended to corner the market on government 6% bonds, so-called Sixes.

Treasury Secretary Alexander Hamilton, the founder of BONY, watched the developments with alarm. "I have learnt with infinite pain the circumstance of a new Bank having started up in your City," Mr. Hamilton wrote to a New York associate, according to research by economic historians Richard Sylla, Robert E. Wright and David J. Cowen. "Its effects cannot but be in every view pernicious," because of the damage they caused to "the whole system of public Credit, by disgusting all sober Citizens and giving a wild air to everything."

The price for Sixes in New York jumped markedly from early December to mid-January. By March, the bubble had burst, with the price of the bonds dropping 25% over two weeks.

Working without a historical blueprint, Hamilton engineered an innovative response. The Treasury borrowed money from the banks and used it to buy government bonds, lifting the market price. He also told banks to accept bonds as collateral for loans to securities brokers, with the government guaranteeing the collateral.

What Hamilton did in 1792 is just like what Paulson and Bernanke are doing now," said

<http://www.wsj.com/articles/SB122186662036058787>

Mr. Sylla, who teaches at the Stern School of Business at New York University.

The financial system stabilized in April, and not a single bank failed until 1809. Mr. Hamilton's improvisation did the trick, or at least so concludes Mr. Wright, also at NYU. He named his son Alexander Hamilton Was Wright.

## The Panic of 1907

The century that followed was punctuated by financial instability. There was the panic of 1819, during which states passed laws delaying foreclosures on real estate and personal property.

In 1841, another bout of financial volatility sent land values plummeting. States that had been depending on land taxes suddenly found themselves short of cash; nine of them defaulted on their debts. There was talk of a federal bailout, but Congress balked. Some states raised taxes and paid up; others swapped canals or other assets with their creditors.

"There were banking panics all of the time," said Princeton University economist Alan Blinder, former vice chairman of the Federal Reserve Board. "The banking panic of 1907 was particularly pernicious."

One immediate cause of the panic involved a failed attempt to corner the market on stock in a particular copper company. That led to a run on banks and trusts that had made loans for the plot, starting with the Knickerbocker Trust Co. Public confidence in other financial institutions soon evaporated.

The Treasury injected millions of dollars into the banking system. But it was really J. Pierpont Morgan, the banking magnate and undisputed king of New York financial markets, who saved the day. He had been in Virginia for a church conference when the panic hit, and he took an overnight train back to New York City. He dispatched his lieutenants to figure out which banks were in the worst trouble, then he called the bankers to his home. Working through the night, he browbeat the others into forming a joint pool of capital that they would use to pay depositors at banks that faced runs.

Once depositors saw that they were going to get their money, the panic eased. "Where's J.P. Morgan when we need him?" joked Mr. Blinder.

Six years later, Congress established the Federal Reserve system, creating a lender of last resort for the country's financial system.

## The Great Depression

By 1933, four years after the infamous stock-market crash, about 1,000 American homeowners a day were losing their houses to the bank. President Franklin Delano Roosevelt and Congress created the Home Owners' Loan Corp., an ambitious government agency designed to prevent foreclosures on an enormous scale.

The agency bought defaulted mortgages from banks, then refinanced them at lower rates for fixed, 15-year terms. Over the three years it accepted applications, the agency was swamped with 1.9 million requests; about half of the applicants had monthly incomes of between \$50 and \$150.

Ultimately, the agency issued mortgages, averaging \$3,039 apiece, to some one million homeowners. About one in 10 Americans with nonfarm, owner-occupied dwellings secured aid from the agency, according to a 1951 paper by C. Lowell Harriss of Columbia University.

The current mortgage crisis involves securities backed by subprime home loans. But during the 1930s, there was no secondary market for securitized mortgages. So the agency had to hold the mortgages for the full terms. It finally closed up shop in 1951, with about 80% of borrowers having paid their loans off on time or early.

The agency earned the government a small profit. "You save 80% of the people from being tossed out of their homes, and it didn't end up costing the government a dollar," said Lee Davison, a historian at the Federal Deposit Insurance Corp. <sup>140</sup>

Depression creation.

## Savings and Loan Crisis

It used to be that savings-and-loan associations were staid institutions that stuck to home loans and lured savings-account depositors with blankets and toasters. But during the 1980s, the industry expanded wildly into commercial real-estate lending, spurred by deregulation and poor regulation, according to Mr. Blinder.

The business model worked as long as the S&Ls made more money on their loans than they had to pay for deposits. But the model broke down when interest rates rose, and the institutions found themselves paying more for deposits than they earned from fixed-rate loans in their portfolios.

"In addition," said Mr. Blinder, "they went into a lot of what could only be called stupid real-estate investments."

From 1986 through 1995, about half of the 3,234 S&Ls in the U.S. closed, leaving federal insurers stuck with tens of billions of dollars in bad loans. In 1989, after eight months of debate, Congress created the Resolution Trust Corp. to make depositors whole, investigate allegations of wrongdoing and deal with the husks of the S&L industry.

At the time, skeptics warned that government was reaching too far into the marketplace, and predicted darkly the RTC would be saddled with bad assets for generations.

Indeed, the government ended up owning shopping centers, homes and resorts, along with an odd collection of assets put up as collateral for S&L loans, including Picasso and Warhol paintings, a 30-horse merry-go-round, a Colonial-era whiskey distillery, a drawstring made from Martha Washington's gown and 800 units of semen from a registered Brahma bull.

By the time the S&L cleanup was over, it had cost U.S. taxpayers about \$124 billion in non-inflation-adjusted dollars, according to FDIC research. Mr. Davison, the FDIC historian, wrote in a 2006 journal article: "Perhaps a measure of the RTC's success is that little more than a decade after it closed, this agency that provoked so much debate is now largely forgotten."

—Greg Hitt and Louise Radnofsky contributed to this article.

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